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Daily Report

Latin America

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Cuba

U.S. Delegate: Guantanamo Remains Priority

PA1705223995 Havana PRENSA LATINA in Spanish
0036 GMT 17 May 95

[FBIS Translated Text] Havana, 16 May (PL) — A prominent Cuban attorney said today that the Guantanamo Naval Base is still a priority in any negotiation process with the United States.

Olga Miranda, former legal director at the Foreign Ministry and a member of the Cuban delegation to the recent round of negotiations on the migration agreement with the United States, said that this military enclave has lost all of its strategic value for U.S. national security.

At a conference on U.S. intervention in the Spanish-Cuban War at the turn of the century and on the circumstances that led to the occupation of this portion of Cuba's territory, Miranda emphasized that Guantanamo "has no real value. It is only a mockery of the Cuban people."

The Guantanamo Naval Base, located on the easternmost tip of Cuba, was created by the Platt Amendment, which was imposed on Cuba by the U.S. Congress as an appendix of the first constitution approved in Cuba following its independence in 1901.

The occupation was ratified in 1913 in a treaty on permanent relations between both countries that gave the United States the right to use the base indefinitely "as long as it required it."

The Platt Amendment was abolished in 1934, but the occupation of Guantanamo remained in force by virtue of a new "Friendship Treaty." Only the phrase "or by withdrawal of the United States" was added.

Miranda stated: "As you can see, the U.S. Congress has not lost the habit of legislating in its country that which is to be implemented in Cuba." She reminded the audience of the Torricelli amendments, which were approved in 1992, and the Helms-Burton bill, currently under debate, which seeks to reinforce the U.S. economic blockade against Cuba.

Miranda, who is also vice president of the International Law Society and considered an authority on relations with the United States, emphasized that Cuba will not slacken its struggle to recover that portion of Cuban territory and that the issue will always occupy an important place in any discussion of the bilateral conflict.

Miranda stressed that "of course, we will be patient and will never resort to force to recover Guantanamo. We will not allow ourselves to be provoked and will never

give the U.S. Government an excuse to unleash an attack against our country."

Miranda said that the treaty that led to the base's occupation is illegal under international law because "it was imposed by force, coercion, and blackmail."

Castro Meets With Commonwealth Leader

FL1705022595 Havana Tele Rebelde and Cuba Vision
Networks in Spanish 0000 GMT 17 May 95

[From the "NTV" newscast]

[FBIS Translated Text] Commander in Chief Fidel Castro met with Emeka Anyaoku, secretary general of the Commonwealth who, after a four-day visit to our country, returned to London. Moments prior to his departure, the visitor granted an exclusive interview to this newscast, in which he expressed his opposition to all types of isolation policies, referring to the Helms-Burton Bill, the newest anti-Cuban bill.

During his four-day visit to Cuba, Anyaoku met with several Cuban ministers and officials as well as touring several places of economic and social interest.

[Begin Anyaoku recording in English, with passage by passage translation into Spanish] I have found the discussion very useful. It has given me a great deal of understanding of how the Caribbean region collaborates with Cuba. Furthermore, it is a good way to improve its contacts with the rest of the world. [end recording]

Nuclear Energy Information Seminar Opens in Havana

FL1705195895 Havana Radio Rebelde Network
in Spanish 1700 GMT 17 May 95

[From the "National Radio News"]

[FBIS Translated Text] A seminar on public information regarding nuclear energy in Latin America opened in Havana today, attended by important International Atomic Energy Agency [IAEA] officials. Its main goal is to promote an exchange of experiences on the use of atomic energy for peaceful purposes. The issues to be debated include the use of atomic energy to generate electricity, technical cooperation, and the use of nuclear energy in other fields. Authorities believe that Cuba was selected to host the seminar in response to the work conducted by Cuban specialists on nuclear information. The participants include renowned regional experts like (Mohamed el-Barbei), aide to the IAEA director general.

Chilean Official Discusses Nuclear Energy's Importance

FL1805023095 Havana Radio Rebelde Network in Spanish 2300 GMT 17 May 95

[Interview with Ismael Munoz Quintana, chief of the public relations department and technology exchange and member of the Chilean delegation to the regional seminar on public information on nuclear energy in Latin America and the Caribbean, by correspondent Eva Alvarez in Havana; date not given; from the "Exclusive" program — live or recorded]

[FBIS Translated Text] [Alvarez] A regional seminar on public education [educacion] on nuclear energy in Latin America and the Caribbean began today in Havana. We will interview one of the participants. Good evening, Mr. Quintana.

[Quintana] Good evening.

[Alvarez] Please tell me about the significance of this event in the Latin American context.

[Quintana] This seminar on public education on nuclear energy is vital for our peoples. Nuclear energy, among other energy sources, has had the greatest impact on economic, political, and social development. Yet, people in many countries oppose the use of nuclear energy. This is really incredible. Nuclear energy is providing aid to the health, agricultural, mining, industrial, and electricity sectors. Countries should make efforts to advance nuclear programs. Therefore, it is of vital importance that we exchange experiences with Latin American and Caribbean professionals on how to [word indistinct] and educate public opinion.

[Alvarez] Yet, Latin America is not alone in opposing nuclear energy. There is opposition worldwide.

[Quintana] This is true. Nuclear energy, as everyone knows, was introduced to society in a terrible manner, utilized for war purposes. Recently, a couple of accidents — even when the nuclear industry is one of the safest developed by man — had made public opinion particularly sensitive [words indistinct].

All nuclear energy specialists worldwide must educate in the most objective way. Public opinion rightly informed and educated can then take a stance on the issue, free of prejudice.

[Alvarez] Thank you.

Economy Minister Calls For Energy Conservation in Workplace

PA1605154895 Havana PRENSA LATINA in Spanish 1834 GMT 15 May 95

[FBIS Translated Text] Havana, 15 May (PL) — It was reported here today that Cuban Economy and Planning Minister Jose Luis Rodriguez called upon people in the workplace to find solutions to the excessive use of electricity in production.

In a speech to political and administrative leaders in the eastern province of Granma, Rodriguez said the country's limited resources demand intelligence solutions because the country spends too much energy and its economy cannot withstand it.

The crux of the problem, he said, is to reduce expenses without stopping production. The minister's speech was reported by the AGENCIA DE INFORMACION NACIONAL in Bayamo, the capital city of the aforementioned territory.

Minister Rodriguez said one of the sector's main demands is to increase food production. He added that we cannot afford to have working days with fewer than eight hours, unsown lands, or to lose crops because of administrative problems.

When we lose or squander a resource, he emphasized, we are gambling with the country's survival.

He also called upon citizens to exercise discipline and implement measures that will allow the country to balance its finances and to pay special attention to complying with the set price policy.

Rosales Calls For Optimum Use of Scant Resources

PA1805011595 Havana PRENSA LATINA in Spanish 1311 GMT 17 May 95

[FBIS Translated Text] Havana, 17 May (PL) — It was reported here today that a ranking leader of the Cuban Government called on the population to make optimum use of the country's scant resources and to eliminate subjective problems that "keep us from advancing toward the goal of resisting and overcoming the special period."

General Ulises Rosales, first vice minister of the Revolutionary Armed Forces, said the country's directorate is not unaware of the great material shortages of both raw materials for production and supplies for the population that Cuba is facing.

It is a matter of confronting the mentioned limitations in every center, territory, and province and continuing to search creatively for alternative solutions to solve the

problems that "inhibit the workers' heroic efforts," he asserted.

Rosales presided over a commission made up of representatives from all organizations in the central government administration, which carried out an extensive control visit [una visita de control integral] to Bayamo Municipality, capital city of the eastern province of Granma.

According to the report published in GRANMA, the commission toured 607 economic, social, and military objectives; visited 29 communities; and heard the opinions of approximately 6,000 area residents.

The inspection of Bayamo Municipality is part of the government directorate's work, which includes meetings with political and administrative authorities in each territory as well as with the population, represented by workers groups and grass roots organizations.

Commentary Views Moves To Reduce Labor Force

PA1705191495 Havana Radio Havana Cuba
in Spanish 0000 GMT 17 May 95

[Commentary by Norberto Hernandez; from the "Evening Information Review" newscast]

[FBIS Translated Text] Reducing the labor force is one of the most difficult and delicate measures in Cuba's ongoing economic adjustment program.

In a socialist economy, everyone is guaranteed a job. In Cuba, being idle without cause is even punishable by law. The explanation is that this is a proletarian state where workers constitute the ruling class, where the means of production belong to the state, and where production profits do not make anyone wealthy but are used for the good of all society. The collapse of socialist Eastern Europe, in particular the Soviet Union, the world's largest proletarian state and with which Cuba conducted 85 percent of its foreign economic relations, has forced this small underdeveloped country to take drastic economic adjustment measures to adapt its total domestic production to the international market economy.

As the leading cause of these misfortunes, we must mention the economic embargo that the U.S. Government has imposed on Cuba during nine successive administrations, an embargo which has resulted in a loss to Cuba of more than \$40 billion. An economy that must adapt itself to capitalist market conditions and commercial relations governed by the law of supply and demand must use its labor force as rationally and effectively as possible. Workers salaries generally constitute one of the largest production expenses.

Cuba has a labor force of more than 3 million, men and women, with a high average degree of schooling and no illiteracy, and a free public health system which is famous throughout the world. The basic reasons for reducing the labor force is not its incapability, insufficient schooling, or lack of qualifications. The primary reason is the need to refrain from hiring more workers than needed for specific production tasks because an excessively large payroll increases production costs and makes enterprises less profitable and the prices of goods and services less competitive.

Something is clear for everyone in Cuba, however. No one will be left unprotected because of the personnel adjustments in productive enterprises. These days agriculture is the sector that requires the largest labor force. A large number of workers with higher education has emigrated from this field to industries and public administration, particularly to services. An intensive program is being developed to improve working conditions in the field, with homes and services, to make stability possible in various agricultural production activities. Fast progress is being made in this area. In addition, productive land is being given over in usufruct to groups of citizens who are willing to exploit it through cooperatives. This plan has yielded positive results in tobacco, a Cuban product very much in demand on the international market. The development of the tourism industry, which can absorb a large portion of qualified labor, is a possible and working solution.

The reduction of the labor force is not done on a large scale or in an uncontrolled manner. The state's authorization is required to implement it. In addition, surplus workers are taken care of until they can be relocated. A fundamental difference that marks labor force reduction in Cuba is that a large number of workers cannot be laid off simultaneously, as it is done in other countries, and that those affected by the measures will not be left to fend for themselves. This is difficult but not impossible.

ANAP Head Comments on Helms-Burton Bill on Farmers Day

FL1805124795 Havana Radio Rebelde Network
in Spanish 1700 GMT 17 May 95

[From the "National Radio News"]

[FBIS Translated Text] Today Cuba celebrates farmers day. It is a good opportunity to offer a portion of the statements that Orlando Lugo Fonte, president of the National Association of Small Farmers [ANAP], made to the "Doing Radio" program on the Helms-Burton bill, and the farmers' response to this monstrosity against Cuba.

[Begin Lugo recording] Farmers, cooperative members, and their families are angry about the monstrous Helms-Burton bill, which seeks to take away the wealth that we have achieved thanks to the implementation of the law which granted farmers ownership of the lands, as farmers had always hoped for. Today is precisely the anniversary of the law. Farmers have told us during all recent public hearings — we have also visited many cooperatives — that it would be necessary to go over their dead bodies to take their wealth away. [end recording]

Lugo also commented on farmers' preparations for the assemblies to nominate candidates to the assemblies of the People's Government.

[Begin Lugo recording] I believe that the best way to be ready is to show our trust in the Revolution, and to go en masse to nominate the best candidates. In addition, we need to be unified to show the enemies of the Revolution — the reactionary ultra-right currently in the U.S. Senate — that we are more united than ever, and that we will hold elections to nominate the best candidates, the ones chosen by the people, as usual. We will also show the enemy that the Revolution is strong and invincible. [end recording]

Panel Debates Farmers Market Problems

FLI205015095 Havana Radio Rebelde Network
in Spanish 1600 GMT 11 May 95

["Straight Talk" program with host Osvaldo Rodriguez and guest Eddie Jimenez — live or recorded]

[FBIS Translated Text] [Rodriguez] Journalist Eddie Jimenez has recently been investigating how the farmers markets operate and discovered certain problems. In this program, he is going to discuss the result of his investigation and the ensuing analysis required.

[Jimenez] I do not know if you remember that last week Renato Recio spoke on this program about the case of the bitter beans. That encouraged me to investigate the issue. What was mentioned here might have happened.

[Rodriguez] As a matter of fact, the case of the bitter beans was the result of calls by listeners who reported that in the farmers market in Cuatro Caminos, they had bought beans that they guessed had not been harvested in Cuba because of their bitter taste, and no bitter beans are grown in Cuba. This created the suspicion that the beans had been stolen.

[Jimenez] This is why I went to market on 19th and A Streets. At the corner I found a farmer who was all upset. I approached him and asked him what the problem was. He told me that he was not allowed to sell his products in that market. I asked him why and

he said that he was accused of trying sell a pig without declaring it. Then I told him: Then you were sanctioned. He replied: No, No, I was not sanctioned. They brought the police just to ensure that there was no fight, but none of my products were impounded; I was not fined; they could not prove anything. I asked: How come? I asked him about himself. He is a small farmer, his name is Orestes Imagen. He has a farm in Nueva Paz. Then I went to see the manager of that market and asked him about it. He replied that it is a very complex case, a repeat case. I asked him how and he said it was a troublesome case. I asked how many times that man had been sanctioned. He answered: Never. I asked how many times his merchandise had been confiscated or he had been fined. He answered: Never. I asked: Why, if it is such a troublesome case. He responded that it was because they did not want to hurt the farmer, but this time they called in the police.

I was not satisfied. I went to the police station and spoke with Police Sergeant Juan Carlos Mena who was very pleasant and told me that he was called just to avoid a disorder because the manager had told that farmer that he could not sell his products in that market, although he had no proof that the farmer had done anything wrong, nor was the farmers punished or anything. He was a very honest, courteous officer.

I wonder: Is this happening in many other markets? Might this not be a case of abuse of power, or even problems of a personal nature?

[Rodriguez] I believe that perhaps the managers act differently in other markets, and do not allow that type of fraud, or perhaps they are accomplices to such abuses.

[Jimenez] That is the point I was going to make.

[Rodriguez] Of course, this is just speculation on my part.

[Jimenez] Exactly. If all that was true, the farmer should have been sanctioned. Therefore, what proof was there? I was still not satisfied. So I visited other farmers markets; as a matter of fact, the one in Cuatro Caminos. There I spoke with truck drivers, farmers, and one other small farmer who showed me that all his paperwork was in order. He even showed me his trade card. His business is making and selling croquettes. He had invested 6,000 or 7,000 pesos in buying a pig, made croquettes of the meat, was going to sell them at 1.5 pesos, but had visited several farmers markets in Havana and was denied a booth despite having all his paperwork in order.

[Rodriguez] Why?

[Jimenez] Some told him that it was because he had a beard.

[Rodriguez] A beard?

[Jimenez] Yes, and because of the hair, he could not sell there. Others told him no because his nails weren't nicely clipped. He argued that women with long nails were selling croquettes right there and that other women with long hair, but no beard, was also selling croquettes.

He said to me: Comrade reporter, the problem is very simple. I am trying to sell my croquettes at 1.5 pesos and they are sold at two pesos in these markets. It a matter of price. All these people benefit from this and are in collusion with the managers.

[Rodriguez] That is the accusation the farmer raised?

[Jimenez] Right. He said: I want to sell them at 1.5 pesos and they bribe the people in charge of the market and sell theirs at two pesos.

[Rodriguez] Tell me about other cases, and we'll analyze what might be happening and how to confront this problem that we expected to arise from experience. I do not believe this program is surprising anyone by reporting these cases. It was known that this might happen. We were forewarned from the beginning because this also happened with that other farmers market.

[Jimenez] Right.

[Rodriguez] Today's markets, although different, might experience the same problems.

[Jimenez] This is why it worries me.

[Rodriguez] We were forewarned about this by those who drafted the policy, even by the Politburo's resolution and the law that approved them, and by journalists, and every political leader who discussed the market. Today this program is fulfilling a social and political duty by showing that those things we were forewarned about are already taking place.

[Jimenez] I do not want to put myself on the farmers' side just like that. They might be mistaken, but one can tell they are being poorly treated. I spoke with truck drivers who told me that all you have to do is slip some money to the people in charge, and then you can declare a certain amount of merchandise, leaving the rest inside the truck and selling it later. Therefore, you have declared one amount, but have sold another. I even actually saw products being sold from the trucks parked outside.

[Rodriguez] I have seen that many times, too.

[Jimenez] There are things that are worrisome. I am not against the middleman because middlemen make life easier for small farmers.

[Rodriguez] There have to be retailers.

[Jimenez] However, we must support and protect direct producers, those who sell their products themselves. We have to be very careful, very careful [repeats] that due to lack of controls, something akin to a Mafia is not established, which ends up in control of these markets or in other types of markets that might appear in the future and might result in a very difficult situation. We have to maintain control now to avoid having to throw the baby out with the bathwater.

[Rodriguez] I do not believe this is something organized. A Mafia implies an organization. However, I have noticed in my many visits to the markets while purchasing products, not in a investigative capacity as you did, that there are certain recurring faces. Some people I have come to know tell me that they have products for sale here and there and in other places, and tell me of three of four markets where their products are being sold. Furthermore, I have found places where a product is sold at a certain price, and someone has approached me and told me that if I want to buy it cheaper, I should contact this person who is the owner and can sell it cheaper to me, rather than dealing with his salesman. I believe there is a certain lack of organization in the markets.

The manager is the top authority in the market, the state representative of the market. He is in charge of ensuring that it operates properly. I ask myself: Above the manager, aren't there price inspectors, financial inspectors, policemen, and a group of people such as district delegates, or the presidents of the people's councils, etc? This is an issue that affects everyone because we all, at one point or another, buy at the farmers markets.

[Jimenez] You have brought up an entire series of factors, listed a number of factors that should help with the smooth operation of the markets, the people's government, etc.; I am going to be completely honest: With the exception of the police, in this case I visited the police station on 21st and C Streets, and was treated very well, helped. This makes me wonder — remember that a policeman is called in when a problem has already surfaced. What are the other local bodies doing? Once again, this is worrisome. It is worrisome because one can tell there are problems; they are obvious. I wonder: What about the inspectors? We have the example of the farmer trying to sell croquettes: The inspectors would come and tell me my fingernails were too long, yet there were women with long nails selling croquettes. They told me no because I have a beard and there

were women with long hair selling products. Yet, all his papers were in order.

[Rodriguez] One could say they were fishing for a bribe.

[Jimenez] Or to force him not to sell the croquettes at 1.5 pesos. The problem was the 1.5-peso price, against the two-peso price because if I sell good-quality pork croquettes at 1.5, the customers would not buy from those selling them at two pesos. Those selling the croquettes at two pesos might have bribed the managers.

The farmer also told me that on one occasion he had come to sell pork meat and a manager approached him and said: You know, I am all out of lard at home. The farmer added: Then I got in trouble because I did not give him any; you should have seen the long face of the manager.

In other words, blackmail. I do not know if the solution is to conduct surprise inspections at certain markets and try to catch the inspectors redhanded. That might happen.

[Rodriguez] I believe it would be a gross mistake. I do not know if this is the case, that there would be the same inspectors. I believe inspectors should be moved around.

[Jimenez] The farmers market is extremely important; it is solving an endless number of difficulties.

[Rodriguez] That, plus it is here to stay.

[Jimenez] Right! Therefore, we have to take care of them. So let's begin right now before they become corrupted, before they become putrid. Let's save them now, oversee them now, so that we do not have to throw out the baby with the bathwater later on.

[Rodriguez] Thank you very much.

Minister: Trade With Colombia Has Increased Fivefold

PA1605143295 Havana PRENSA LATINA in Spanish 1759 GMT 15 May 95

[FBIS Translated Text] Havana, 15 May (PL) — Cuban Foreign Investment Minister Ernesto Melendez reported today that trade between Cuba and Colombia had amounted to more than \$250 millions in the past three years, which is a fivefold increase compared with the previous three-year period.

Melendez addressed this morning approximately 30 representatives of Colombian companies, headed by Lazaro Mejia, the general manager of Proexport [Exports Pro-

motion Fund]. The representatives are scouting for possibilities to trade and invest in metal products, construction, food, tourism, handicraft, social housing, pharmaceutical, and biotechnology sectors.

The talks, which were presided by Carlos Lage, secretary of the Executive Council of the Council of Ministers of Cuba, are being held in the Melia-Cohiba Hotel in Havana and are sponsored by the Cuban Chamber of Commerce and the official Colombian Proexport organization.

Proexport Manager Lazaro Mejia said to the press that several letters of intent in the tourist sector will be signed during this visit because negotiations between Colombian and Cuban firms are well advanced.

According to Melendez, the growing ties [words indistinct] this year, the arrival of 12,000 Colombian tourists, which is an 85 percent increase over the amount that visited Cuba last year.

Mejia added that Colombian businessmen in the social housing construction sector want to gain access to the Cuban housing system of low-cost materials.

Referring to the U.S. pressures, Mejia reiterated his government's position, as expressed by Colombian President Ernesto Samper and Foreign Minister Rodrigo Pardo, in the sense that Colombia does not accept unilateral vetoes or challenges. We insist that Cuba should have its place in the Latin American community, he asserted.

The Colombian businessmen's program includes bilateral contacts with Cuban companies and visits to installations of interest for several of the companies represented in the visiting group on Tuesday.

A cooperation agreement between the Cuban Export Promotion Center (Cepec) and Colombian Proexport will be signed on Wednesday.

It is also expected that Cuban Foreign Trade Minister Ricardo Cabrisas and Ambassadors Ricardo Santamaria of Colombia and Jesus Martinez Beaton of Cuba will announce the implementation of a partial commercial and tariff regulation agreement between both countries.

Trinidad & Tobago

Newly Appointed Foreign Minister Expected To Resign

FL1605174795 Bridgetown CANA in English 1650 GMT 16 May 95

[FBIS Transcribed Text] Bridgetown, Barbados, May 16, CANA — Trinidad and Tobago's new foreign

affairs minister, Knowlson Gift, appeared on the verge of resigning from the job Tuesday [16 May], well-placed sources in the Republic said. Gift, a career diplomat who replaced Ralph Maraj just a week ago, was expected to hand in his letter of resignation later Tuesday, the sources in the Trinidad and Tobago Foreign Ministry told the CARIBBEAN NEWS AGENCY. This week there were newspaper reports here about high court judgements handed down against Gift in the last four years, ordering him to pay more than half a million TT dollars (one TT dollar — 17.5 U.S. cents) to three commercial banks. Gift had defaulted on the payments and the banks took legal action. Stating that all these happened while he was on overseas diplomatic assignments, Gift said the matters have all been resolved. "I shall therefore be starting with a clean report sheet. Start me with a clean sheet. Judge me on that," he was quoted by one newspaper as saying.

Minister's Resignation Confirmed

FL1705232495 *Bridgetown CANA in English*
2308 GMT 17 May 95

[By Linda Hutchinson]

[FBIS Transcribed Text] Port-of-Spain, Trinidad, May 17, CANA — The Trinidad and Tobago government on Wednesday confirmed the resignation of beleaguered new foreign affairs minister, Knowlson Gift. A statement issued by the office of Prime Minister Patrick Manning said the Trinidad and Tobago leader had accepted the resignation, thanked Gift for his service and wished him all the best. Cabinet will consider a replacement for Gift Thursday, at its weekly meeting, and an announcement will be made on Friday, the statement said.

In a letter made available to the media Wednesday evening, Manning said:

"Dear Mr. Gift,

"I have today received your letter of resignation.

"Given your service as a career diplomat and in a number of international institutions, both in North and South America, I was of the view that you had a contribution to make to the country at the level of the Cabinet.

"In accepting your resignation, I regret the development of the circumstances that have caused you to tender it.

"I thank you for your willingness to serve and may I take this opportunity to wish you well for the future."

Gift was foreign minister for just a week. He handed in his letter of resignation soon after newspapers here gave details of a string of bad debts he had incurred.

In the last four years, Gift has had three high court judgements delivered against him for a total of close to half a million TT dollars (one TT dollar - 17.5 U.S. cents) owed to three commercial banks. He said all this happened while he was on overseas diplomatic assignments, and that the matters had all been resolved.

The Hilton Hotel was said to have levied on Gift last year after he left an unpaid bill of 19,000 dollars. About this, he said that when he returned home from his Caracas assignment, he was put up at the Hilton at the state's expense while government officials were locating a house for him. Gift said that the Ministry of Foreign Affairs never got around to paying the outstanding arrears and he was billed instead.

The beleaguered minister remained elusive on Wednesday. For the second straight day, he kept out of public view. He did not show up at his office, nor did he call his secretaries to notify them of his plans.

Gift was also said to have temporarily moved out of his home in Federation Park on the western outskirts of Port-of-Spain and to be staying at an unknown address.

Sources told CANA that earlier this week, a senior member of the ruling People's National Movement (PNM) met with Gift to discuss the newspaper articles, described as "very embarrassing" to the party and government. "He more or less told Gift that he should resign," one source said. "But that did not prompt his resignation. He has been very depressed since the articles appeared and it was essentially that which caused him to resign."

On Tuesday evening, high-ranking members of the ruling party met with Prime Minister Manning at his office in the Financial Complex. When Manning emerged from the building, he refused to answer any questions from reporters, who were camping outside. He was smiling then, but it was a stony-faced Manning who addressed a Commonwealth youth ministers meeting on Wednesday, fueling more speculation about problems in the cabinet.

On Wednesday, there was speculation about who would replace Gift. Among those tipped is Minister of Consumer Affairs, Camille Robinson-Regis. She said she was prepared to handle the important foreign affairs portfolio — if given the job. But she denied reports that she has been offered the post. Robinson-Regis, a lawyer, was once minister in the Prime Minister's office with responsibility for information.

PRI Deems Helms Bill 'Unacceptable Meddling'

PA1805035595 Mexico City LA JORNADA
in Spanish 17 May 95 p 5

[Report by Jose Urena]

[FBIS Translated Text] The Institutional Revolutionary Party's [PRI] Board of Directors described as "unacceptable meddling" the U.S. bill to impose sanctions on countries that trade with Cuba and said that as far as Mexico is concerned, Cuba "has never stopped belonging to the OAS. [no closing quotation mark as published] The PRI released its declaration one day prior to a visit to Cuba by PRI leader Maria de los Angeles Moreno and demanded an end to the blockade.

The CEN [National Executive Commission] "expressed its disapproval and rejection of the draft bill sponsored by U.S. Senator Jesse Helms to impose sanctions on countries that trade with Cuba," the text reads.

The approval of such a law "would constitute unacceptable meddling in the life of states, would cause even more harm to Cuba, and would prevent Cuba from advancing in its economic reforms because it would discourage the flow of foreign resources and would increase the isolation imposed on Cubans for more than 30 years."

The declaration adds that the PRI "expresses solidarity with those who call for an end to the blockade of Cuba and who have expressed their disapproval of this draft bill. We believe the time has come to change the hostile attitudes that has hurt this sister people so much."

PRI Information and Propaganda Secretary Heriberto Galindo and International Affairs Secretary Alejandro Carrillo Castro read the declaration during a news conference. Accompanied by Senator Gustavo Carvajal, they reported that Moreno would be in Cuba Thursday and Friday at the invitation of the ambassador of Jose Marti's country to commemorate the centennial of Marti's death. Reporters asked if the PRI president would ask that Cuba be reincorporated into the OAS.

Carrillo Castro said: "As far as Mexico is concerned, Cuba has not left the OAS. In other words, when Mexico had to face voting for a proposal to expel Cuba, it was the only country that recalled that the OAS charter does not authorize expulsions. Mexico said that if we are not authorized to expel anyone, how can we expel Cuba from the OAS?"

"As far as Mexico is concerned, Cuba has never stopped belonging to the OAS. The fact that Cuba has not taken its seat is its own decision and that of the countries that make up the organization. It has recently been approved

that a state may be suspended, not expelled, in case of flagrant violation of the democratic system.

"Nevertheless, despite this modification to the OAS charter, which was approved two years ago, it has not been ratified. In other words, we still could not suspend a state, much less expel one."

Publishes Declaration Against Bill

PA1805035995 Mexico City REFORMA in Spanish
17 May 95 p 7A

[Declaration issued by the Institutional Revolutionary Party issued in Mexico City on 16 May]

[FBIS Translated Text]

INSTITUTIONAL REVOLUTIONARY PARTY [PRI]**THE PRI IS AGAINST THE EMBARGO ON CUBA**

The National Executive Committee of the PRI hereby expresses its disapproval and rejection of the Draft Bill sponsored by U.S. Senator Jesse Helms to impose sanctions on countries that trade with Cuba.

The approval of a law to that effect would constitute unacceptable meddling in the affairs of such states, would cause even more harm to Cuba, and would prevent Cuba from advancing in its economic reforms because it would discourage the flow of foreign resources and would increase the isolation imposed on Cubans for more than 30 years.

The PRI expresses solidarity with those who call for an end to the blockade of Cuba and who have expressed their disapproval of this draft bill.

We believe the time has come to change the hostile attitudes that have hurt this sister people so much.

DEMOCRACY AND SOCIAL JUSTICE**NATIONAL EXECUTIVE COMMITTEE**

[Signed] Senator Maria de los Angeles Moreno, president; Pedro Joaquin Coldwell, general secretary; Alejandro Carrillo Castro, secretary for international affairs.

Mexico, D. F., 16 May 1995

Government, Parties Agree on Reform Agenda

PA1705202095 Mexico City EL FINANCIERO
in Spanish 16 May 95 p 45

[Report by Francisco Gomez Maza]

[FBIS Translated Text] Issues which had been taboo until now in national politics — such as changing

the makeup of the executive branch, referendums, plebiscites, popular initiatives, voting by Mexican citizens living abroad, equal media time for political parties, the use of national emblems and symbols, coalitions, and regular and independent candidacies — are included in a government proposal for the political reform of the state.

The basic document for the negotiation of political reforms was approved last night during the sixth meeting of the Standing Committee attended by representatives of the Government Ministry, the PRI [Institutional Revolutionary Party], PAN [National Action Party], and the PT [Labor Party].

The text, which is divided into four main subjects, will be studied during special sessions. The first session on electoral reforms will be held the week of 22-26 May.

The main subjects are: 1) Agenda for Electoral Reforms; 2) Agenda for Reform of State Powers; 3) Agenda for Federalism; and 4) Agenda for Social Communications and Citizens Participation.

The Government Secretariat has stated that the list of issues does not foreshadow any decision or agreement about its contents, nor is the agenda restrictive or exclusive.

In the first place, the agenda for electoral reforms includes the following points:

1. Political rights: constitutional guarantees and legal safeguard mechanisms; and means for direct and indirect consultation and participation by citizens, such as referendums, plebiscites, popular initiatives, and voting by Mexican citizens living abroad.
2. Electoral Organizations and Officials: autonomy and patrimony of the Federal Electoral Institute (IFE) as the preeminent electoral institution; assessment of the elections and Electoral Tribunal and Office of the Electoral Prosecutor, with emphasis on how officials and judges will be named.
3. To organize the electoral process, the Government Secretariat has proposed that the political parties review issues like: personal identity cards and electoral credentials; the electoral register or lists of names; redistricting and circumscriptions; selection of officials for the electoral process and voting centers; simplification of the ballots, electoral oversight, and professional electoral services.

Regarding electoral jurisdiction, the government representatives have proposed that the parties negotiate and thoroughly review six issues which up to now have been the cause of electoral and post electoral conflicts:

1. Access to the mass media: criteria and rules for equity; relations between equity and the political freedom of reporters and media owners; relations between official and purchased media spaces; and party expenses in the print and electronic media.

2. Financing sources and limits: criteria and regulations for equity in the distribution of public funds, accounting system and rendering of accounts; conditions for a mixed system of public and private financing with a maximum limit on campaign expenditures.

3. Duration of electoral campaigns.

4. Party identity and the use of emblems and symbols, an issue which directly affects the ruling party which refuses to abandon the use of the colors of the flag in its logo type.

5. Polls and quick vote tallies (legal regulation and/or professional ethics code), and

6. (Use of) public programs and (their) electoral impact.

Regarding the regulation of parties, the Government Secretariat has proposed to the political parties to review issues like: requisites for registering parties; the rights, prerogatives and obligations of political parties; political associations, coalitions, regular and independent candidacies; and ways in which political parties may affiliate.

Finally, regarding legality and representation the proposed agenda includes: the difference between the Organic Law and the Electoral Authority Organization (Organo de Autoridad Electoral), the Law for Electoral Organization and Procedures, the Law of Political Parties, or, in contrast, keeping the three regulatory areas unified under one code.

This issue also includes the common principles of the federal and state electoral laws and the criteria and balance between the relative majority and proportional representation.

The agenda for the reform of the government branches includes issues such as the constitutional functions of the Mexican State and the division and relationship between the different branches.

The second issue includes the analysis and discussion of the nature of the executive; legislative and judicial branches of the state emphasizing their attributes; the administrative reform of the executive branch; and mechanisms for economic and social cooperation between the executive branch and social organizations.

The legal issue includes many topics for discussion. The Government Secretariat proposed a revision between the

political parties regarding human rights, public safety, procurement of justice, administration of justice and social readaptation.

The third main subject of the proposal, the agenda regarding federalism, refers to the relationship between the federal government, the states, and the municipalities; the Federal District with its postponed political reforms; federal taxes, emphasizing the equity and efficiency in intergovernmental fiscal coordination, and municipal renovation.

The fourth main subject of the proposal refers to the agenda for social communications and the participation of the citizenry, emphasizing the issue of updating regulation regarding concessions and the legal framework currently in force; the freedom of speech of communicators, concessionaires, and proprietors; the right to rebuttal and clarification; a code of ethics for communicators; and the social function of the media and communicators.

SHCP Report Details Government Debt, Finances

PA1805005595 Mexico City LA JORNADA
in Spanish 16 May 95 pp 1, 46

[Article by Roberto Gonzalez Amador]

[FBIS Translated Text] The Finance and Public Credit Secretariat (SHCP) reported yesterday that as a main result of the devaluation of the peso vis-a-vis the U.S. dollar, the balance of the Mexican Government's foreign debt increased to \$87.5419 billion in the first quarter of 1995, exceeding by \$2.1061 billion the government debt registered at the close of 1994, which was \$85.4358 billion.

In the same period, the internal debt was 176.6738 billion new pesos, which exceeds 1994 figures by 7.30 percent, while public finances registered a surplus of 8.990 billion new pesos, an 80-percent increase in real terms over the figure registered for the same period last year.

Budgeted expenses reached 49.919 billion new pesos, a level similar to that reached in the first quarter of 1994, which means a real decrease of approximately 17 percent, while government income nominally increased 3.714 billion new pesos for a total of 55.714 billion new pesos.

In an SHCP report to Congress — only a summary of which was made public — the SHCP stated that from January to March, contracted new debt increased to \$389.9 billion.

The effect of the peso devaluation, however, caused the actual foreign debt to be 7.1-percent higher than the

debt reported in March 1994, when the total foreign debt contracted by the government was \$81.7319 billion.

Upon issuing the report on the economic situation, government finances, and the government debt, the SHCP stated that from January to March 1995, the government made payments which exceeded the amount available in foreign currency by \$389.8 million.

In the period covered by the report given to Congress, the foreign debt service payment was \$9.4905 billion.

Of that total, \$7.8976 billion (883.21 percent) [as published] went toward the principal; \$4.8799 went to short-term loan maturities; and the remaining \$1.5929 billion (16.79 percent) went toward interest payments.

In the first quarter of 1994, interest payments on the foreign debt equalled \$1.4713 billion, which is why, the SHCP explained, the increase of 8.26 percent for the same period in 1995 was mainly the result of an increase in international interest rates and the devaluation of the dollar vis-a-vis leading currencies.

According to the summary of the report, there was improvement in the structure of the maturity of the government's foreign debt. Long-term liabilities went from 92.6 percent of the total debt in December 1994 to 95 percent of the total debt at the end of March. The SHCP said this structure gives the country an adequate scheme for its payments.

In one of the few references to the current economic crisis, the SHCP said the government's foreign debt policy in the first three months of 1995 was aimed at facing the difficulties raised by the devaluation of the Mexican peso.

The SHCP said the objective of the government's debt policy has been to obtain long-term funds from foreign sources among the international financial institutions, of which Mexico is a rightful member. Here the SHCP mentioned the financial assistance package, which included \$20 billion from the U.S. Treasury; \$17.8 billion from the IMF, and \$10 billion from the Bank for International Settlements.

Thus dollar indexed short-term loans were replaced by medium- and long-term loans payable in national currency in the first quarter of 1995. The SHCP emphasized the reduction of Tesobonos [treasury bonds], internal debt instruments payable in national currency but indexed to the U.S. dollar, the circulation of which decreased from \$29.2061 billion at the end of 1994 to \$16.1651 billion by 31 March 1995.

Regarding the internal debt, in the period covered by the report, debt payments exceeded the amount of new money available by 14.7517 new pesos.

The SHCP added, however, that as a result of the devaluation of the peso, which affected the value of the national currency and Tesobonos, and the increase in inflation, which affected the balance of the Ajustobonos [adjustable bonds], the balance of net internal debt increased to 164.6531 billion new pesos in March 1995. Compared to the same period in 1994, the internal debt increased 41.56 percent.

In the first quarter of 1995, gross interest rate payments made on the internal debt reached N\$4.6819 billion. In the same period in 1994, internal debt interest represented a disbursement of 5.1603 billion new pesos.

The SHCP emphasized that gross public debt had increased during the first quarter to 52.3 percent of the GDP forecast for the same period. This amount, according to the SHCP, places Mexico among those member countries of the OECD with the lowest public debt-GDP ratio.

In the first quarter, the public sector recorded an 8.990 billion new peso surplus, which, according to the SHCP, is a reflection of "strict fiscal discipline" and represents an 80-percent increase with respect to the first quarter of 1994.

The SCHP report adds that the public sector's primary economic surplus amounted to 25.768 billion new pesos, which is a 96.8-percent increase in real terms over the same period last year.

On the other hand, budget revenues also reflected an evolution "compatible with original estimates" amounting to 89.260 billion new pesos. For this item, the 19.87-percent increase registered with respect to the first quarter of 1994 is due primarily to increased oil revenues as a result of higher crude prices as well as to a devaluation in the exchange rate.

The SHCP reports that public sector net payments had increased to 80.379 billion new pesos. Of this amount, scheduled expenditures totalled 49.919 billion new pesos, which is nearly equal to the 49.3793 billion new pesos paid during the first quarter of 1994, or 17 percent less in real terms.

In the meantime, first quarter public investments equaled 4.736 billion new pesos. Public debt interest payments, which had been 9.547 billion new pesos in the January to March 1994 period, increased to 15.870 billion new pesos during the first three months of the year, a 66.23-percent increase.

As relates to the federal government's finances, the SHCP said there is a 2.685 billion new pesos surplus compared to 1994, when there was a deficit.

Primary surplus (revenues minus expenditures, excluding interest) amounted to 14.58 billion new pesos. The SHCP stated that in order to attain this result, the federal government implemented a strict budget discipline program and carefully selected, reorganized, and allocated resources for strategic social sectors.

The report states that federal government income amounted to 55.714 billion new pesos, a nominal increase of 3.714 billion new pesos compared to the first quarter of 1994. Net federal government expenditures amounted to 52.178 billion new pesos. This item is explained by rationalization of expenditures other than interest payments. Interest expenditures totalled 11.3722 billion new pesos.

Financial fund operations in entities under direct budget control yielded a 6.196 billion surplus new pesos. For these entities, the primary surplus was 10.693 billion new pesos.

In this case, income from these entities totalled 34.177 billion new pesos, net expenditures were 30.678 billion new pesos, and programmable expenditures were 26.181 billion new pesos.

Bernal on EZLN, Government Negotiations

*PA1705205795 Mexico City PROCESO in Spanish
15 May 95 pp 33-36*

[Report on interview with Miguel Antonio Bernal, coordinator of the Mexican government delegation attending the peace talks with the Zapatist National Liberation Army in Chiapas, by Guillermo Correa and Julio Cesar Lopez in San Andres Larrainzar "prior to the peace talks."]

[FBIS Translated Text] San Cristobal de las Casas — Distrustful, Miguel Antonio Bernal, coordinator of the government delegation attending the San Andres Larrainzar peace talks, has warned that the peace talks will not be indefinite and that the government will not change its proposals, and has denied that the armed group Zapatist National Liberation Army [EZLN] is gearing towards a new revolution in Mexico.

He spoke about what, in his opinion, is a publicity and propaganda war, affirming that the state situation "is not catastrophic." He defended the position of the military and explained that "there is no turning back" for the EZLN; it must become a legal political force.

Sympathizer of the guerrillas in the 1970's, Bernal agreed that "there is widespread unconformity in the area but maintained that "we are facing an illegal force" that, as the talks progress, must begin "lifting its mask."

Bernal also maintained that in the San Andres Larrainzar negotiations, "we did not come to humiliate or defeat anyone;" we came, he said, only to resolve the conflict the country has faced for 15 months.

The statements by the chief of the government delegation were said before the resumption of the talks of San Andres Larrainzar, which is a community located 30 km off this municipal county seat.

He somehow responded to reports that the EZLN has included in its recent communiques regarding the government's "refusal" to resolve the conflict and the government's "attempts to murder" the leaders of the movement, thus annihilating all Mexicans' aspirations for justice, democracy, and freedom.

Slender, resembling an intellectual, and with an amiable disposition, Bernal states that the Zapatist movement "is a great movement," rejects the rebels' arguments against what they call "a dictatorship by the PRI [Institutional Revolutionary Party]," and denies the fact that we are facing an incipient civil war, despite the 700 murders and the more than 1,000 land seizures in the state.

He pointed out that in light of what has been considered as a publicity and propaganda war between the EZLN and the government, the position of the government delegation stems from the lack of an Indian reply, even though they have searched the jungle and the mountains to find out what is their position.

However, this situation is no reason to ignore their posture. At the talks held in San Andres Larrainzar on 20 April, the EZLN rejected the government's proposal consisting of gathering the rebels in three places in Chiapas and explained that in order to continue the talks, it was necessary for the Army to retreat to the areas it held prior to 9 February 1995, when President Zedillo made public the order to apprehend the leaders of the movement, especially Subcommander Marcos.

Problems emerged before the talks resumed on the night of 12 May. This is the rainy season and the jungle, from where several EZLN delegates came, has stormy weather conditions. This is one of the reasons, among others, why the talks did not begin at 0900 hours.

[PROCESO] The Zapatists stated in several communiques that they do not fully trust the government and that they do not rule out the possibility of being betrayed and arrested at any time.

[Bernal] The EZLN says many things, but we go by what they say at the negotiation table, where it has not said that we have no resolve. It is true that there are many difficult problems, but we must clearly understand that what they are saying is one thing and what we are

seeing is another: what is worthy for us and what they are saying.

[PROCESO] However, is this not a war of ink and Internet, as Foreign Relations Secretary Jose Angel Gurria said?

[Bernal] No. In fact, we have advanced in the negotiations, and the EZLN says things when it is not at the table. We accepted that they had to consult the detente proposal with their rank and file. We have no reasons to distort statements, such as the ones the secretary uttered, that were made in a specific context. It is true that weapons have not been used for a long time, and it is also true that the media has reported different positions.

Marco Antonio Bernal said that as the dialogue with the EZLN advances its delegates will unmask themselves.

"Although we have not asked them to remove their hoods, they will gradually expose their faces to the public. The truth is that the Harmony and Peace Law charted a course for us. We are dealing with an illegal force, and the goal is to transform it into a legal one and this requires them to have a public identity, but we have not demanded that they unmask, they will have to decide."

Bernal believes that the government has always shown "good faith" in the negotiation. "We are used to the ambiguous language of the communiques of the EZLN and of Subcommander Marcos. They say many things but in the end they agree to negotiate. The important thing is that we are sitting around a table and that dialogue is being favored. We will continue to discuss the issues that concern them. We need to remove the drama from their posture," Bernal added.

[PROCESO] What is your opinion on charges that an ambush against Subcommander Marcos was being plotted to the extent that he has not shown up for the talks in San Andres?

[Bernal] My only comment is that the government has abided by the law that established a time frame during which to hold talks. There is no persecution against him. There is much anticipation. The EZLN has also complied with the law.

[PROCESO] Is there a deadline to conclude the negotiations or will there be an indefinite dialogue?

[Bernal] I do not think it will last long, but establishing a deadline is sometimes tantamount to wearing a straight-jacket to ensure a product under time constraints, and often this means that the product is not well thought.

"We are willing to stand a reasonable period. We want them to show their goodwill to reach a solution. Periods

will start to be defined to the extent that we see this happening. If they show the contrary we would act accordingly."

[PROCESO] The EZLN claims that the government is not willing to reach peace but that they can wait another 500 years. How much longer will you wait? They claim that the peace you want means their demise.

[Bernal] That is untrue. What I, the government, and Ambassador Gustavo Iruegas have said is that we did not come to humiliate anyone at the negotiation table. Or to defeat anyone in this conflict. The only thing we want is to deal with the causes of the uprising, with its roots. "We do not feel as if we were facing enemies; after all, we are all Mexicans. We are seeking the best ways to settle our differences, and analyze our problems and solve them. We have made every effort through the National Mediation Commission (Conai) and the Harmony and Peace Commission (Cocopa) to eliminate problems.

"If we fail to reach a detente agreement, the EZLN must keep in mind that we proposed a different way to go about this, which they rejected. For example, we asked that topics that we will discuss and rules governing this discussion be defined. They, however, chose to discuss the military issue first."

[PROCESO] Can the government change its proposal?

[Bernal] No, for the simple reason that the concept of detente is a comprehensive issue that includes an analysis of economic, political, and social problems. All this should take place simultaneously.

[PROCESO] Why is the government then not showing willingness to solve problems? One cannot see programs, investments, and concrete developments to help solve deficiencies in Chiapas.

[Bernal] That was not a question but a statement. Investments have indeed been made there.

[PROCESO] It is claimed that petroleum exploitation, electricity generation, dollar revenues from the export of coffee, heads of cattle, honey, and many other products coming from Chiapas to the rest of the country and abroad do not return to the state in an equitable manner. Could this be addressed through the talks?

[Bernal] You must understand that the federalism advocated by President Zedillo must be strengthened in order to solve problems, not only those of Chiapas but of the entire country. There is a nationwide discussion on this issue and Chiapas has become the standard-bearer. We hope to solve this problem.

[PROCESO] Is it fair not returning to Chiapas what it yields in an equitable manner?

[Bernal] It might be fair or unfair depending on a person's view.

[PROCESO] When the EZLN emerged it was said that one of the reasons was the reforms to the Article 27 of the Constitution. As talks move along, is it possible that the original wording of this article may be reinstated?

[Bernal] I want to clarify that I am subject to the Harmony and Peace law, which relates only to what happens in Chiapas. If there are agrarian conflicts here, such as we have admitted, the solution that the EZLN is suggesting must be channeled through the Chiapas Congress.

"We can talk all we want about the issue, but it must be seen within the national context because this negotiating table cannot break or violate or go over the Union Congress, or over the party system either, which are the Republic's constitutional entities."

[PROCESO] The Zapatists say that NAFTA meant a death blow to them. Is there a possibility that the treaty may be renegotiated?

[Bernal] All movements must respond to real demands and not become confused with others that are not even a reaction response, but instead are simple means of propaganda. We must have this perfectly clear. The EZLN has never said anything of the sort at the negotiating table.

Calm, with a paused voice, Bernal expresses his confidence that the conflict "will be solved very soon." But also, paradoxically, he admits there is a possibility it may extend.

[Bernal] I do not believe that the EZLN is dragging its feet. It would be harmful for them, they stand to lose much more in the face of the Mexican society because society would judge their quality and attitude and what side is right would become evident."

[PROCESO] Do you believe that the Zapatist movement could unleash a new Mexican revolution?

[Bernal] We have to be very careful when we use the word revolution. It means many deaths and sacrifices in development. I believe that one of the great virtues of this political system is its capacity for self-reform, which has found institutional ways to change.

"I do not want to imply that this has been completely fulfilled. There are many demands pending, but there are also ways to change the country. I do not believe that we need to think of a revolution as the only way to change Mexico's history, we must take into account that society provides us with other ways."

[PROCESO] According to what was published in PROCESO's number 965 edition, you were a guerrilla and now you are someone who is respectful of the institutions. What made you change? Could your case be an example for the EZLN and its leaders?

[Bernal] I also read that in PROCESO, but I want to be very clear: I will explain my life's truth and fantasies afterward. Right now it is Chiapas what interests us, further on we shall discuss what is truth and what is fantasy. I ask that you keep the interview on the agreed topic.

[PROCESO] Are you a member of the PRI?

[Bernal] Yes.

[PROCESO] And how do you feel being a PRI follower when you are told that the party is blamed for 60 years of dictatorship?

[Bernal] Well, I admit... but also want to say... it is my party, but I now ask you if it is a dictatorship the fact that we had a majority in the past presidential elections. I believe that this accredited the party's legitimacy. People voted for the PRI.

[PROCESO] How much are you willing to cede to avoid ending the dialogue?

[Bernal] Ceding is a very strong word; it does not reflect the spirit of the negotiation. Unfortunately, the government's stance of recognizing the causes they have argued has not been taken into account. We are willing to recognize, to seize the root of the problem, and to find solutions for it. I think that they have good reasons, but so do we, and thus, we can get to proposals that are acceptable to the two parties.

[PROCESO] But will this not drag on indefinitely?

[Bernal] Obviously not. There is a reasonable period of time and that period will be dictated by the negotiation itself. We will advance if there is seriousness and willingness; on the contrary, dialogue will be slowed down if there are constant obstacles on the way, and each party reacts accordingly. There are very difficult topics but the government has acted in good faith and has been open to the dialogue.

[PROCESO] Do the difficult topics relate to justice, democracy, and liberty?

[Bernal] I do not know what we might discuss with regard to those topics. What I can tell you is that I do not know what their demands will be. They said that they would update those demands and present them, but so far we have heard nothing. I would hold that question until they make specific proposals.

According to Bernal, negotiations taking place in Chiapas "are with the EZLN, and with no one else," and that is the way the law establishes it. He adds that even though he is aware that there are other issues, "we are first going to discuss the causes of the conflict with the EZLN, and afterward we will discuss the other issues affecting Chiapas society."

[PROCESO] Are you not prolonging things out a bit by making unacceptable proposals so that starvation, disease, and exposure in the mountains can wipe out the EZLN?

[Bernal] It has never been the government's intention to drag out this issue. The government's main concern from the beginning has always been ensuring peace. We subsequently proceeded to negotiate with the EZLN, but they have not accepted our peace terms. Therefore, it would be somewhat irresponsible for the EZLN to say that the government has never wanted peace since that is what we are negotiating for.

[PROCESO] Do you believe that the presence of Subcommander Marcos at the negotiations is necessary?

[Bernal] Whether he comes or not is up to the EZLN. Nevertheless, what we have demanded is that anyone who comes for the EZLN must be a legitimate representative.

[PROCESO] What about the Conai?

[Bernal] Its participation is acceptable. It has a major mediation role to undertake, and it must do it. We encourage it to continue.

[PROCESO] Was the rebellion in Chiapas not prompted also by the economic programs which in a given moment were carried out by the current president of the Republic?

[Bernal] No, we know the movement began taking shape as far back as 1974. I see no reason why President Ernesto Zedillo should be blamed for the current situation.

[PROCESO] Yet, he was a member of Salinas' cabinet...

[Bernal] We must be clear. They claim they have been in this movement for the past 10 years. Then they wave a series of banners that may appear attractive. We know their real origin. All the president wants is to pacify this movement deliberately created to rise in arms against the Mexican Government. The president has made many efforts and has launched peace initiatives to make the truth known, and resolve the conflict. It is unfair to claim they spent 10 or 11 years in preparing their uprising and then say the uprising is due to this or that official now in power. Is my position on this clear?

[PROCESO] Who is responsible?

[Bernal] This situation has remote origins. We have to evaluate this but we do not have to pass judgment on anybody. There are reasons we see and understand as reasonable and important. Only a person not willing to see the poverty that exists in the area may fail to see it, but we do see it. This is one of those reasons. This is a general reason for unconformity in this area. The statement of other kind of demands by a movement wanting to make itself attractive is something very different.

[PROCESO] The zapatists say the goals of their movement are to improve workers salaries, that retired people earn decent pensions, to put an end to landownership, so that large landowners and town-bosses disappear, and to have staple price controls.

[Bernal] They may hoist whatever banner they like and they can do it easily, but they cannot be certain their demands will be met. Granted: they are fair demands, but considering the country's condition, it is probable they are not viable. As a government official I have to consider everything. They, on the other hand, can demand whatever they like. We must be prudent though, and distinguish between the real causes of the conflict and propaganda and histrionics.

[PROCESO] Are we seeing a propaganda and publicity war?

[Bernal] They have made much use of publicity and propaganda but I would not describe the conflict this way. The fact there has not been any military action since 12 January 1994 is very important for the people. We are talking with an armed, clandestine, and hooded group and this is why we are asking they gather at three points, to march on an integral detente process. This takes time. It includes social and economic aspects.

[PROCESO] The EZLN proposal is that the Federal Army return to its 8 February positions.

[Bernal] There is no returning to a previous page. Their demand is only for publicity purposes. We cannot accept such return.

[PROCESO] Based on your knowledge of the conflict, what lies ahead for the zapatist movement?

[Bernal] Its situation is very clear. If they have agreed to negotiate, it is because they are prepared to go from

illegality to legality. Otherwise they would not be talking. This cannot be argued. Regarding the dialogue, we have presidential instructions to satisfy the Zapatists' demands. We have instructions to negotiate with goodwill with these Mexicans we do not want to defeat. These are very formal negotiations.

[PROCESO] You worked in the Social Development Secretariat. What responsibilities does Solidarity have in the conflict zone?

[Bernal] I do not want to pass judgment. As president of the National Institute of Solidarity [Instituto Nacional de Solidaridad] I had no responsibilities for that. Pronasol [National Solidarity Program] made efforts that were not enough to meet the demands.

[PROCESO] Are there villains and victims in this war? If so, what role do you play?

[Bernal] I would not describe this as a war. This is a conflict of a different nature. I would not say I play either role. Our position has been clear: We are all Mexicans. They chose a path we do not think is correct and this is why we are negotiating.

[PROCESO] If this is not a war, what is it?

[Bernal] The law lists this as an armed conflict. In a war, two perfectly differentiated groups face each other. Here we are all Mexicans. If that part chose the armed path, the government has the goodwill to resolve the conflict.

"I see no reason why the movement should extend to other parts of the country. This is not a revolution and it is not a war either. This is an armed conflict and this is how the law describes it."

[PROCESO] Is the EZLN a belligerent group or not?

[Bernal] No. The law says it is not. It establishes only that it is an armed group.

[PROCESO] Have the talks not become a dialogue between deaf people?

[Bernal] No. The dialogue itself is evidence of this and the points to be discussed have been outlined. Progress has been modest but there has been progress nevertheless.

Costa Rica

Figueres on Fiscal Crisis, Consensus

95CA0224A San Jose LA NACION in Spanish

2 May 95 p x

[Received via Internet; page number not given]

[FBIS Translated Excerpt] Impotence and frustration, hope and optimism: these were the reactions expressed yesterday by the nation's president, Jose Maria Figueres, in his report to Congress on its first year of work. In this report he acknowledged that the country is going through a period of ungovernability caused by a gradual weakening of government institutions.

The president alluded to the fiscal and institutional crisis as the most vulnerable points confronting his administration. Nor did he conceal his irritation over the difficulties encountered in overcoming them.

Addressing the 57 deputies on the threshold of a new legislative session, his governing team, the members of the Supreme Court of Justice, Supreme Election Tribunal, and the Diplomatic Corps, he issued an energetic appeal for the unity of all sectors in solving the most serious problems besetting Costa Rica.

"The fiscal crisis has been generated by structural and cyclical causes," he observed, adding that the institutional crisis has been complicated by the fact that "our system has evolved in such a way that the mechanisms obstructing or halting the actions of the executive branch have gained the upper hand over those facilitating them."

For the new leader of the National Liberation Party (PLN) bench, Luis Gerardo Villanueva, Figueres' speech was realistic in terms of the national situation. However, for his counterpart from the Christian Social Unity Party, Bernal Aragon, it was superficial and lacking in proposals aimed at solving the crisis.

The president's address was received with cautious satisfaction by business leaders such as Miguel Schyfter, president of the Chamber of Industries, who recognized that important gains have been made in education and health. "However, as long as we suffer from the plague of the macroeconomic problem," he said, "it will continue to blur any effort."

Rodrigo Carazo, who appeared on the same platform years ago when he was president, said that the appeal for national unity was the most outstanding aspect of Figueres' message, although he said it would be difficult to achieve a consensus on such issues as the fight against poverty and the relaxation of trade. No other former chiefs of state could be contacted to comment on the address.

The president's speech began at 1520 hours in the Legislative Assembly. Only a few hours later—at nine in the morning—Liberationist Antonio Alvarez Desanti was elected as legislative president with the votes of 27 congressmen from the PLN and minority party members Juan Guillermo Brenes from the PUAC [Cartago Agricultural Union Party] and Victor Hugo Nunez from PAN [National Agrarian Party].

Sum of Forces

A large portion of Figueres' speech was devoted to stressing the need for a multisectorial pact to face structural deficiencies that are obstructing the political and economic actions of the successive governments.

"We live in a time when national harmony cannot be put off any longer. We urgently need a framework for an understanding between all social and political forces that transcends terms of government and partisan interests and reflects those that are crucial," he emphasized.

In that same context, the president did not waste his chance to express his satisfaction over the recent accord signed with his predecessor, Rafael Angel Calderon, and said that the achievement marked the beginning of an exceptional opportunity to overcome the prejudices and partisan visions "which have wielded so much power in keeping us paralyzed."

In what appeared to be an indirect allusion to trade union groups, the resident of the presidential mansion castigated "certain union leaders who detach themselves from the interests of the groups they represent to promote their own interests and come to prefer unnecessary confrontation with the government to a frank, profitable dialogue."

It was precisely yesterday, when Labor Day was celebrated, that the traditional workers' protest was weakened by the split that is undermining the trade union sector. A faithful reflection of the split was the separate demonstrations on Second Avenue opposite the National Museum and Legislative Assembly.

The Record

Nor did Figueres confine himself, during his 70-minute address, to seeking unity and complaining about the obstacles lying in wait for his administration. He also gave a detailed inventory of what he deems the principal achievements of the first 12 months of government.

We shall not skimp on praise for the creation of the Basic Integral Care Teams (EBAIS), foreign language instruction in the schools, or the completion of nearly 24,000 housing projects.

In the economic sphere, he explained that the main effort was directed toward solving the fiscal deficit that he said his government had inherited. "If we do not increase revenue and reduce spending (...), the economy will deteriorate substantially and government investments will have to be cut," he stressed.

El Salvador

Finance Minister Hinds on Dollarization

PA1705155795 San Salvador LA PRENSA GRAFICA
in Spanish 11 May 95 pp 16-A, 17-A

[Report on interview with Finance Minister Manuel Enrique Hinds by Economic Panorama Section Editor Emilson Solano and staff writer Roberto Aviles; place and date not given]

[FBIS Translated Text] The Central Reserve Bank of El Salvador [BCR] announced last week that the economic cabinet rejected the idea of implementing a convertibility system, in the wake of the troubles Mexico, Argentina, and even the dollar have experienced in recent months. Financial operations in dollars would be encouraged as an alternative to "promote a progressive, voluntary, and natural dollarization process of the economy."

In an interview Finance Minister Manuel Enrique Hinds granted to PRENSA GRAFICA, he commented further on the topic, noting that the convertibility system was rejected because it maintains the exchange risk. In Hinds' opinion, this is what causes massive flights of capital for fear of devaluation. "That was made clear in Argentina," he stated.

In a brief reference to total dollarization, the official stated "taking that path is not worth the trouble, and we think it is best to take a direct approach." He added that in order to dollarize, time-consuming technical work internally, as well as in the negotiations with international organisms, needs to be conducted.

In between lines he mentioned three things: the country is headed toward total dollarization, the administrative measures to stimulate the use of foreign currency replace the convertibility system, and dollarization is already being negotiated with international organizations.

The same week that Fusades [Salvadoran Foundation for Economic and Social Development] submitted a technical report advising against dollarizing the economy in the short term, as it deemed it a highly risky exchange policy for the time being, the finance minister met in Washington with officials of the U.S. Treasury, World Bank, and the IMF.

When asked about the meeting, Hinds acknowledged that he met with U.S. Treasury Under Secretary

Lawrence Summers (who controls U.S. relations with multilateral organizations) the last week of April. He reportedly submitted to him a memorandum originally addressed to the IMF authorities.

The document to which he referred to on that occasion contained, in general terms, the Finance Ministry's views on the level of reserves the Salvadoran banking systems needs to enter a dollarized economy.

The Economic Panorama Section got hold of the document classified as confidential and drafted by Stanley Fischer, second in command at the IMF, Claudio Loser, and Elliot Kalter.

In essence, the memorandum notes that the amount of liquid reserves in dollars that El Salvador needs to withstand a serious crisis within a dollarized economy ranges from 5 to 6 percent of the total deposits of the banking systems, based on the worst financial problems that arose in the 1980's.

According to the Finance Ministry, 10 percent of the total deposits are required to withstand a crisis, such as the one caused by the nationalization in the early 1980's.

The memorandum, drafted by Hinds himself tries to convince the IMF officials that his country has the level of net international reserves to be able to enter a dollarized economy, as long as the criteria contained in the same document are employed.

Hinds in his meeting with Economic Panorama said that some studies against the dollarization contain "dangerous recommendations" and "absurd stances," which is why he explained the government's position on monetary policy.

He affirmed that El Salvador is headed toward dollarization of the economy, since it has the necessary conditions to implement it, and the sufficient international reserves to withstand any crisis that may arise.

Hinds' arguments and the analysis of the recommendations on the monetary policy are detailed next.

Notes From the [Finance Ministry] Memorandum

The Reserves' Role

— The Net International Reserves (RIN) concept loses importance in a dollarized economy. Monetary and financial authorities have no need to keep net international reserves in a dollarized economy.

— All the financial system needs is a general liquidity of reserves, for two purposes: A) To reduce the normal "noise" of financial variables. B) To protect banks against a liquidity crisis, caused by insolvency.

— The level required for this is much lower in a dollarized economy than a system with exchange risks, including the "Currency Board" [preceding two words in English], because an exchange risk is the main reason for the liquidity's instability.

Amount of Reserves Required

— The monetary base is irrelevant when calculating the necessary liquidity in reserves; and the Central Bank's RIN is not the most important variable to measure the banking system's ability to yield quick liquidity sources, in case of a crisis.

Why the monetary base?

— In a dollarization the Central Bank must have reserves that are equivalent to the circulating currency (at the dollar's exchange rate) and an additional amount to protect the banking system's liquidity.

— In a dollarization the purpose of having RIN that are equal to the legal reserve requirements is to guarantee that the BCR will have sufficient liquidity to equal the banking system's obligations with account holders, in case the system is dismantled.

— In a dollarized economy the amount of liquid reserves must be determined based on the fluctuation of the total deposits rather than based on the size of the monetary base existing before the dollarization. This is valid for the "Currency Board" as Argentina has shown.

— The inadequacy of the concept of requiring RIN to equal the monetary base as a precondition for a dollarization can be seen in Mexico, Argentina, and El Salvador when comparing the relation between their banking systems' foreign deposits and the M2 (see graph).

— The percentage of the banking system's reserves regarding the M2 of El Salvador was 18.4 percent at the end of 1994 — over twice the percentage in Argentina (8.15 percent) before the "Tequila" crisis started. El Salvador was stronger than Argentina to withstand the M2's decline, although the Central Bank RIN's proportion to the monetary reserve was lower. The same graph shows the Mexican financial system's weakness during the crisis.

El Salvador's Experience

— During the 1980s El Salvador faced all the potential sources of instability that increase a country's risks, including the financial system's bankruptcy, and it faced all kinds of external shocks [preceding word in English].

— During the decade of war, deposits never dropped more than 5 percent.

— The war's most evident point in the deposits was November 1989, during the guerrilla groups' "final offensive," which lasted between three and four weeks. The combined events were not evident in a prolonged decline.

— The only period when deposits dropped more than 5 percent was between 1979 and 1980, when they reached 13 percent, in a nationalization process. This is not likely to happen again.

— The quantity of reserves El Salvador would need to face a crisis as bad as the worst crisis in the 1980's would be between 7 and 8 percent.

— Approximately 5 percent of the deposits cover most of the crises in the 1980's, except the 1979-80 crisis, so between 7 and 8 percent of the deposits are required.

	BANKING DEPOSITS MARCH 1994	(ANNUAL VARIATION) MARCH 1995
DEMAND DEPOSITS	33	3.5
TERM DEPOSITS	16.5	19.4
SAVINGS	44	42.9

A study by Fusades states that a dollarized economy will not be successfully implemented if certain requirements are not met.

To achieve this a strong liquidity must exist, according to the study, so the monetary base (circulating currency and banks' reserves) must be covered by the availability of RIN. It also says that there is a shortage of \$304.6 million, without considering that not all the reserves are liquid reserves.

[This item is accompanied by a graph titled "Relation Between Foreign Deposits and M2" with percentages of the Mexican, Argentine, and Salvadoran banking systems' net deposits regarding the M2]

The arguments used to support El Salvador's contention that it possesses the conditions to implement the dollarization of its economy were explained by Manuel Hinds in an interview granted to LA PRENSA GRAFICA. Part of his evaluation explains that:

What is Money?

— Bills and coins are an economy's numbered currency [numerario] and are issued by a government institution, there are no banks and everything is paid in cash.

— The BCR creates money only when dollars enter the economy, and destroys money only when dollars leave the economy. People holding dollars receive 8.70 colones (exchange rate) which is what the BCR pays. This, in turn, becomes part of the currency. If someone is in need of dollars, the individual simply takes 8.70 colones to the BCR, and receives dollars in exchange.

— All of the money in the economy is numbered currency, and the BCR is the only one allowed to create more money.

What Are Reserves For?

— International Reserves (RIN) serve as a buffer to the BCR, as well as to the banking system because they act as a protection between the economy's liquidity in U.S. dollars, and its liquidity in colones.

— It serves as a buffer for that difference between internal and external liquidity. The RIN is only used when we tend to import more than what the balance of payment allows.

— Reserves are not used to pay for importations which are paid through the balance of payment's current account.

— With a dollarized economy there is no need that protection.

— In an economic system such as Oklahoma's, for example, which is 20 times bigger than the Salvadoran economy, there is no need for RIN because its internal and external liquidity are both expressed in U.S. dollars. We only need the protection when we are dealing with two currencies.

What Must we Protect?

That banks have enough liquidity so that in those ups and downs interest rates do not fluctuate too much.

How Much Reserves Do We Need?

The basic question is how much reserves do we require in order to withstand a crisis.

— The risk factor rose dramatically during the 1980's. There were some administrations who resorted to a socialist-type of language, there was a civil war, people were being murdered, businessmen were being kidnapped, we had the coffee "shock," financial repression, bank insolvency, and major exchange risks.

— Bank deposits in all cases except one (nationalization) never reached to 5 percent.

— In only one case, which was at the beginning of the 1980's, were losses greater than 10 percent. During those days bank deposits would constantly rise and fall.

— A bank deposit crisis would last approximately three weeks, while a severe bank deposit crisis would last three months.

— Loans in the country during the 1980's declined as much as 5 percent during a three month period. On the other hand, deposits dropped by 13 percent during the same time period. If to this we subtract the 5 percent drop in loans, that means that our worst crisis was somewhere between 7 and 8 percent of deposits.

— Our worst crisis during the 1980's determined that what we would have to withstand would be a 7 or 8 percent loss in deposits during a three month period.

— Now we have deposits ranging between 13 and 15 percent. In other words, we have nearly twice what we need to meet a crisis similar to the one we had during the 1980's.

— The Basil Committee just established a rule: In 99 percent of the cases, a crisis similar to the one already experienced by a country can be weathered. Our experience shows that in 99 percent of the cases, we have lost, at most, 5 percent. The Basil Committee also recommends multiplying that by three. We get 15 percent. We are currently close to 13 percent, and there is still enough room for improvement.

Are all State's Obligations Covered?

— There are two types of state obligations, the LETES [expansion unknown], and CEM [expansion unknown]. Our reserves currently stands at 125 million [currency not specified] which represents 45 percent of all government obligations in CEMS and LETES (to finance the state).

— In other words, we have more than sufficient reserves to dollarize the economy.

"Dangerous" Recommendations

[LA PRENSA GRAFICA] Several studies suggest that to dollarize the economy it is necessary to have at least an equal amount of dollars to M2, that is, the numbered currency (bills and coins) plus all the deposits in the banking system. This is somewhat more than \$2 billion. Do you agree?

[Hinds] It is best to think the way children imagine banks to be. They believe banks have small boxes with the names of the box-holders on them. What the kids don't understand is how they can pay interest on the amount in those small boxes or how the money in those boxes increases. They don't know banks lend out most of that money. The amounts withdrawn every day are but a small part of the amounts that have been deposited.

The banks don't have all the money there; they lend it out.

The children's concept is more sensible than the one held by technicians. The children believe banks have a backup of one dollar for every dollar deposited. The technicians want banks to have \$2 for each dollar deposited, unless it is determined that banks will not lend money. Either the banks say they will no longer lend money or they must have \$2 for each dollar deposited. Where are banks going to get this other dollar? This is totally absurd. This issue is studied in finance and banking. Only part of the money is maintained liquid and the rest is loaned out.

[LA PRENSA GRAFICA] Studies indicate that the disadvantage of dollarization is that the BCR will no longer be able to print money to lend to the government and finance it. What do you say to this?

[Hinds] This shows two things: First, that they do not know the law because the law bars the BCR from giving money to the government. This can no longer be done because it is the source of fiscal indiscipline.

And it is also said that while we dollarize, we will not be able to socialize bank losses, that is to say, the losses would have to be assigned to stockholders and not socialized with the BCR. To socialize means that we pay the bankers' losses. This is what the studies say.

[LA PRENSA GRAFICA] The BCR is considered to be the rescuer of banks. Is this the way it should be?

[Hinds] The BCR can resolve liquidity problems but cannot do so when they are bankrupt. Only the Finance Ministry, that is to say, the government can save them. The only way to save a banking system, regardless of whether we are dollarized or not, is based on taxes.

Security Vice Minister Doubts Clandestine Groups Exist

PA1705171895 San Salvador LA PRENSA GRAFICA in Spanish 15 May 95 p 20-A

[Report by Victor Pino]

[FBIS Translated Text] Hugo Barrera, deputy minister of public security, said this weekend that he doubts the existence of clandestine groups such as "the Black Shadow." He believes "this name is being used by common criminals to commit crimes, such as extortion."

The official said that investigations continue, aimed at dismantling illegal armed groups that have issued death threats to dangerous wrongdoers and corrupt judges.

"Everything possible is being done to thoroughly investigate the existence of these groups, and to prove this we will proceed to make arrests," he declared.

Barrera said that efforts are being made to find out if the clandestine commandos are organized or if reports on the group are a strategy used by criminals, who then take advantage of the confusion.

Gang members and judges have been threatened by three self-styled groups called "The Black Shadow," "The New White Hand," and the "Transitory Executive Command Against Criminals" [Comando Ejecutivo Antidelincuencial Tansitorio, Ceat]. "The Black Shadow" has claimed at least 25 murders since it announced its existence in San Miguel at the end of December.

According to the deputy minister, families who have suffered extortion report having received anonymous messages signed by "The Black Shadow," which boasts about committing common crimes.

We do not know if "The Black Shadow" is something that truly exists. We have heard anonymous reports that have circulated on several occasions, but there is no evidence.

The three groups, which FMLN [Farabundo Marti National Liberation Front] members believe use the same methods as the death squads, say that their goal is to bring tranquility to the nation by executing common criminals, youth gangs, and corrupt judges.

In response, youth gang leaders said that they are willing to defend attacks against them with arms, while the threatened judges have asked for personal security from the Supreme Court of Justice, while one of them has offered to resign.

As LA PRENSA GRAFICA reported in yesterday's edition, alleged members of the "Mao-Mao" gang on Saturday launched a fragmentation grenade against a vehicle with tinted windows that was driving along the end of the Avenida Norte 75 and the street leading toward San Antonio Abad, allegedly because they thought that they were being persecuted by "The Black Shadow." Two adults and a youth who were passing the site were injured.

"We also feel that all of these (the threats) could be a speculative mechanism to destabilize the country, and this has to be handled with great care, particularly with regard to the judges.... I believe they should not react with extreme measures such as resigning," he said.

Regionalization of the PNC [National Civilian Police]

Barrera also disclosed the possibility of initiating a PNC administrative restructuring plan in order to improve the efficiency of this security body and to broaden the service to the community.

The initiative consists of four regional directions. The basic law of that institution, however, must be reformed, he explained.

Currently, the PNC is comprised of 14 departmental subcommissions that report their subdelegations and police posts' performance to the highest authorities.

Guatemala

URNG Leader Addresses Current Issues

PA1705171295 Guatemala City PRENSA LIBRE
in Spanish 14 May 95 p 3

[Report by Karl Yvan Arevalo V.]

[FBIS Translated Text] The recent kidnapping and murder of soldier Obdin Orlando Mejia Orozco has been blamed on Guatemala National Revolutionary Unity (URNG) factions. On another front, Human Rights Ombudsman Jorge Mario Garcia Laguardia has asked the rebels to end the so-called war tax.

There is also still the uncertainty about whether the rebels will participate in the upcoming elections and some doubt about the logistics of this.

With the goal of clearing up these and other issues related to the guerrillas, yesterday PRENSA LIBRE interviewed by telephone Francisco Villagran, member of the URNG's political-diplomatic commission. His comments are reproduced below.

Asked about accusations that he was responsible for the kidnapping and torture of soldier Mejia, Villagran said that the soldier had died in combat.

Likewise, in a document forwarded by Villagran to this daily, the rebels give more details on the case, saying that on 21 April there was heavy fighting between Army forces and a URNG unit near Santa Maria de Jesus, not near Colomba, as was falsely reported by the Army's Information and Press Department.

It adds that Mejia Orozco died in this fight. The Army also lost four other in this fight, and evacuated the wounded in a hasty retreat, leaving behind this soldier's body.

It also explains that forces under the command of a captain with the initials G.S., from the Army's Armored Infantry Brigade, captured four peasants on 19 April.

These were turned over to a G-2 unit in Santa Maria de Jesus. There is thus no doubt that these units were responsible for the torture and murder of these peasants.

We Propose a State With Strong Finances

The peace talks continue, and the issues on the negotiating table deal with socioeconomic issues, farming, and land ownership. Villagran said that the URNG has already established its position, which was set out in a document submitted to the United Nations.

He stressed: *We explain the consolidation of a reformed state. This entails changes in the nation's Constitution on education, health, and other issues.*

We want a state with strong finances that will manage the economy. This can be achieved by changing the tax structure strictly in proportion to profits and revenues, control of tax evasion, and keeping VAT [value-added tax] at 7 percent, not 10 percent as suggested, among other changes.

No Rebel Will Avail Himself of Amnesty

Villagran acknowledged that Timoteo Navarrijo Chutan, alias Commander Uben or Adan, who was recently captured in Cuilapa, Santa Rosa and confined in Zone 18's Preventive Detention Center, is a member of the rebel forces.

At the same time he said that this individual is right not to avail himself of the amnesty, since *no rebel soldier should avail himself of it, since amnesty is a synonym for pardon and we do not need anyone's pardon, since we are struggling for a better nation.*

He also said that Chutan should be tried according to the nation's laws. But he should not remain in a detention center; instead he should be placed under the protection of the Human Rights Ombudsman's Office or of the United Nations Mission for Guatemala (Minugua).

Eventual Political Support for De Leon Carpio

Although Villagran was categorical in saying that it is not advisable to mention names in political matters, as this always leads to misunderstanding, he did insinuate that if President Ramiro De Leon Carpio were chosen through broad political consensus to continue governing the nation, the URNG could support the president.

But he added that leadership is lacking in Guatemala. Nevertheless, he trusts that through consensus a candidate will be found who will have the characteristics the nation needs. He acknowledged that *De Leon Carpio is in there, filling the vacancy left by Jorge Serrano, and, although he is a weak president, he is better than the last one.*

De Leon Carpio has said on several occasions that he is not willing to continue in power. Besides, existing law categorically prohibits this.

Villagran said that the URNG has a political platform through which it seeks to reinforce democracy. It is not just looking for members: *We have talked with some political parties. The ideal would be to achieve integration of a broad political front that wants to promote national development*, he stressed.

In discussing this broad front, Villagran gave assurances that it is not a matter of forming alliances like the one recently formed by the Guatemalan Christian Democracy, the Union of National Center, and the Democratic Social Party, as in this merger only the right is represented.

He added that they would not be interested either in forming an alliance with parties like the National Liberation Movement.

If our participation is not possible through a front, in agreement with the parties' legal framework, we will seek to reform the laws on this matter, whereby participation by civil committees is allowed. This would be how we could join the nation's political life. For the time being, we will continue the dialogue with diverse sectors, members of the Civil Society Assembly, Villagran commented.

What we have seen is that now no existing party in the nation has a development plan in keeping with our needs, while only some of the mentioned parties only have slightly democratic inclinations, he said.

In another turn of events, he pointed out that the political parties have marginal strength, little power to convoke, and scant credibility: *We have earned a place in society since we advocate human rights, for example in our proposal that Minugua be created*.

He also emphasized: *We make public our points of view on diverse issues through paid advertisements, while we maintain a political presence in Guatemalan society*, he concluded.

Defense Minister Denies Fugitive Holds Post

PA1705201495 Guatemala City Teleonce Television in Spanish 0330 GMT 15 May 95

[From the "Telepress" newscast]

[FBIS Translated Text] Defense Minister General Mario Rene Enriquez rejected allegations claiming that Captain Hugo Contreras, a fugitive from justice since 1993, may be currently occupying the position of military attache in Venezuela or in another country.

[Begin recording] [Enriquez] All that I can assure you before God, the law, and the entire country, is that he has not been appointed military attache anywhere. If he is over there, he is most likely on the run.

[Unidentified reporter] General, was he ever there?

[Enriquez] Contreras has never been put in charge of any military attache's office. Never!

[Reporter] General, why was a recent photograph of Gen. Contreras not ...

[Enriquez, interrupting] Gen. Contreras?

[Reporter] I am sorry; Contreras. Why was a more recent photograph of Contreras not distributed as relates to [words indistinct]. This photograph we have on hand is very old, and could be used to mislead...

[Enriquez, interrupting] Maybe you reporters could get a more current photograph somewhere, but we simply have been unable to get one. The photograph you have is the only one the Government Ministry was able to obtain and is the same one that was published in the newspapers.

[Reporter] This photograph has no annual record ...

[Enriquez, interrupting] What's that?

[Reporter] [words indistinct]

[Enriquez] When he was a cadet. That is the only available file we have of him. We have files that include photographs of all officers since their days as cadets. We have file photographs of Gen. Gonzalez and everyone else. The Office of the Prosecutor General has even requested nine photographs each of several officers and seven specialists. You cannot imagine how difficult it was to obtain these photographs, and it was required in a 24-hour period. We had to work up until 0300 in order to have them ready.

[Reporter] Why would the Office of the Prosecutor General request these photographs?

[Enriquez] To be used in the Bamaca case.

[Reporter] The photographs of which officers were requested?

[Enriquez] I do not remember the names at this time.

[Reporter] [words indistinct]

[Enriquez] That is correct, but keep in mind that we are referring to nine officers.

[Reporter] [words indistinct]

[Enriquez] I already mentioned their names, and I have also mentioned Santiago Cabrera, who is in the United States.

[Reporter] Attorney General Arango contends that the entire process has been tainted...

[Enriquez, interrupting] [words indistinct] ...

[Reporter, continues] What can you say about this? Do you believe that [words indistinct]?

[Enriquez]... the intention behind of all of this. In this respect, it is them you should ask. Unfortunately, I am unaware of this issue. I might voice an opinion, and since we are referring to a strictly legal issue, I might commit an indiscretion. In no way do I want to give the impression that I am interfering in the process. No way. We are providing support, that is all. [end recording]

Gen. Enriquez Morales made the previous statements while attending events commemorating the 50th anniversary of the Aurora Athletics Club. The defense minister was also asked about Prosecutor General Ramon Cuestas Gomez' decision to remove Special Prosecutor Leonel Machuca Quiroa from enquiries into the links between Colonel Julio Roberto Alpirez and the CIA.

[Begin recording] [Enriquez] I respect the decision adopted by the prosecutor general, who is the official responsible for all enquiries.

[Reporter] On the other hand, the prosecutor general pointed out this morning that Congressman [Robert] Torricelli might be arriving in the country on 25 May. Do you plan to meet with him in order to discuss his allegations against Alpirez?

[Enriquez] No, at this time I have no official information with respect to his arrival. I have heard rumors related to his arrival. If the president should believe that it would be convenient for me to meet with the congressman and decides to ask me to meet with him, then I will. Otherwise, I have nothing to do with that.

[Reporter] Let us now talk about the peace process. It is being said that the peace process will deadlock because of the election process. What is your opinion on this issue?

[Enriquez] Nothing should interfere with the peace process. On the contrary, everyone should help expedite the peace process so that a peace agreement can be signed. Therefore, I believe the election process is insufficient justification to reschedule the peace talks. On the contrary, there should be more...

[Reporter, interrupting] If it comes through, what would this delay cause?

[Enriquez] Well, the armed struggle will continue, which would entail more deaths, casualties, and Guatemalan society would become even more polarized. In addition, the progress that is expected to benefit all Guatemalans will be delayed even more.

[Reporter] Has a plan been designed to protect the transportation system in Peten as you mentioned previously?

[Enriquez] The Armed Forces is always ready to jump into action in any region. If necessary we are also prepared to enter into public relations, even if we never get our investments back.

[Reporter] How much has the Defense Ministry invested in public relations?

[Enriquez] Well, so far what we have invested amounts to \$210,000. When the amount of \$420,000 was initially mentioned, the report was accurate, except that the difference is repaid by installments, which is easier. Of course, we hope the government will return our investment since it is not an army campaign. Neither is it something the Army wanted to get involved in to benefit the government. It is not the Army's responsibility. The public relations are not intended to defend against accusations related to Bamaca, or Ibanez. No. The public relations are not even to solely benefit the Armed forces. It is intended to have all government efforts during the past two years known in the United States. There is nothing good being said about this country, everything is bad here. In this respect you can all help in this endeavor, since something good must have been done during the past years. Much good has been done.

[Reporter] Mr. Minister, would it not have been more fitting to use those funds to solve issues such as health, for example, since that would also help to improve the president's image?

[Enriquez] Well, maybe, but keep in mind that the funds are not the president's, and, come to think of it, neither does it belong to the government. This is similar to someone having a store and suddenly deciding to give it away. Well, if this is the case, and the individual wants to do that, then welcome. No one is going to force the person to do otherwise. [as heard] [end recording]

Panama

Poll on Presence of U.S. Military Bases

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[FBIS Translated Text]

The sample

This poll in the **PULSO DE LA NACION** supplement has special significance because it only covers one topic: the presence of U.S. military bases in Panama and issues surrounding their permanence or continuity.

The Dichter and Neira company conducted these polls for **LA PRENSA**. Dichter and Neira conducts market studies; it does not conduct polls or surveys for political parties or governments.

This investigation is based on a random sample of 1,214 individual interviews of Panamanians over the age of 18 who live in the Republic of Panama. The interviews were conducted in the person's home.

A random stratified sample system was used in which sample units were apples located in the strata to be studied. These apples served as a basis for conducting the interviews, which were conducted at random.

To achieve wider representation we took into account voting age population projections as of May 1994 obtained from the Electoral Tribunal. These projections allowed us to establish appropriate stratification of the population based on the relative importance of the current electoral circuits. This information was broken down by corregimiento, depending on whether they were rural or urban.

The sample selected allowed us to obtain estimates of the proportion of persons surveyed with a maximum margin of error of plus or minus 3 percent. The reliability of this system was 95 percent. Theoretically speaking, this means that there is a 95 percent probability that the results will have a statistical margin of error of plus or minus 3 percent.

The survey covered five large areas of investigation: military bases, militarism, reverted areas, management of the canal, and nationalism.

The investigation was conducted on Friday, 5 May, Saturday, 6 May, and Sunday, 7 May 1995. To guarantee the reliability of the information a test poll was conducted on Thursday, 4 May.

A total of 50.7 percent of the interviews were conducted in the Province of Panama, while 49.3 percent of the interviews were conducted in the rest of the country. Fifteen and one-half percent of the interviews were conducted in Chiriqui Province.

A total of 38 percent of those interviewed said they had permanent jobs, while 11.1 percent said they had no jobs. A total of 11.6 percent said they had temporary jobs. The remainder were students, retirees, and housewives.

A total of 66.4 percent of those interviewed live in urban areas, while 33.6 percent live in rural areas. A total of 11 percent of those interviewed belong to the upper and upper middle class, 23.5 percent to the middle class, and 65.5 percent to the lower classes.

A total of 57.7 percent of those surveyed said they had a family income of under \$400; 16.9 percent between \$400 and \$599; 12.4 percent between \$600 and \$799. The rest said they had a family income of over \$800.

Most of those interviewed were women (51.5 percent). The ages of those interviewed ranged from 18 to over 75. A total of 15.3 percent of those surveyed were between 25 and 29 years old. Only 1.6 percent were over 75.

As for their educational background, 32 percent had a high school education; 24.9 percent a college education; 13.5 percent vocational training; and 12.9 percent an elementary school education. The rest had intermediate professional education or said they had no formal education. Only 0.6 percent of those surveyed did not answer this question.

A total of 80.2 percent said they had no political affiliation, while 19.3 percent said they did. A total of 0.5 percent did not answer this question.

To facilitate the presentation of the information, the Province of Panama will be listed as "Panama"; other provinces will be listed as "the rest."

Majority Agrees With Permanence of Bases**Do you agree that all, some, or none of the U.S. bases should remain beyond 2000?**

A total of 75.6 percent agree the U.S. bases should remain beyond 2000, while 24.4 do not want any of the bases to stay.

The percentage who want all U.S. military bases to remain in Panama beyond 2000 is higher in the rest of the country (78.2 percent) than in Panama (72.1 percent).

The presence of the U.S. military bases dates to 1903, when the Hay-Bunau Varilla Treaty signed that year granted the United States the right to build "forts."

In 1977, when the Torrijos-Carter Treaties were signed, certain U.S. political groups came up with the proposal to keep military forces in Panama beyond 2000 and introduced an amendment, which allows for negotiations regardless of what has been stipulated in the treaties.

Article 4 of the Torrijos-Carter Treaties and the Neutrality Treaty state that in 2000, the U.S. Armed Forces

must leave Panama. There are now 14 U.S. military bases on Panamanian territory.

They Think Bases Are Source of Income

Why do you want all or some of the U.S. military bases to remain beyond 2000?

When those who defend the permanence of the U.S. bases in Panama were asked about their primary reason for defending the U.S. presence, 25.9 percent said they were a source of income for the country.

This opinion is mostly shared by people between the ages of 30 and 39 (28.6 percent), than among those above the age of 50 (21.9 percent).

The U.S. military bases in Panama generate nearly \$152 million per year. This is nearly 2 percent of the country's GDP.

Another of the reasons, listed by 13.4 percent of those polled, is the canal's security.

The following are the various reasons listed by those who were surveyed who favored permanent U.S. bases when directly answering the question:

It is beneficial: 7.4 percent

They run the canal better: 7.4 percent

Because of the employees: 6.5 percent

They create more jobs: 6.5 percent

Panama will be safer: 3.6 percent

More protection for the country: 2.7 percent

Unskilled personnel: 2.6 percent

There will be no jobs: 2.5 percent

We are unable to run the canal: 1.4 percent

I like them: 1.2 percent

Panama needs good service: 0.9 percent

More discipline: 0.7 percent

They attract more tourists: 0.3 percent

They have better technology: 0.3 percent

A dictatorship could emerge: 0.3 percent

They fight drugs: 0.3 percent

They conduct community activities: 0.2 percent

They help the government: 0.1 percent

Latin Americans needs them for our defense: 0.1 percent

Other reasons: 14.2 percent

Does not know/no answer: 1.5 percent

They Prefer Sovereignty

Why do you want all U.S. military bases to withdraw in 2000?

According to 20.5 percent of those interviewed who said they want all U.S. military bases on Panamanian soil to be withdrawn, the primary reason is the struggle for the country's sovereignty, while 9.7 percent of those interviewed say they dislike the bases.

The highest percentage, 22.4 percent, of those supporting the withdrawal of the bases because it is a struggle for the country's sovereignty were men, as opposed to women with 17.9 percent.

The Torrijos-Carter Treaties, signed in September 1977, put an end to the operation of military bases in Panama and turned the Panama Canal over to Panamanian hands. If this happens, Panama will gain important benefits from the lands occupied by the bases.

A considerable amount of buildings and land now occupied by U.S. troops will also be turned over to Panama. Between 1979 and 1993 a total of 405 buildings (including 113 housing units) and 16,000 acres of lands with road infrastructure, waterworks, and electric wiring, among other things. [sentence as published]

The rest of the military installations that will be transferred to Panama by late 1999 include a total of 4,290 buildings located in an area of approximately 77,000 acres.

The question was asked directly, which means each person being interviewed gave his reason. The answers were later classified during tabulation. The following are the various reasons for which those surveyed wanted military bases withdrawn after 2000:

Because it all belongs to Panama: 8 percent

They were the invaders: 7.4 percent

So that we can concentrate on our own country: 6.3 percent

The treaties should be fulfilled: 6.3 percent

Because we must be independent: 3.4 percent

We can live without them: 2.8 percent

They want to own Panama: 2.3 percent

For our country: 1.7 percent

They undermine our development: 1.7 percent

We do not like foreigners: 1.7 percent

No foreign army: 1.7 percent

So that Panama can demonstrate its capabilities: 1.7 percent

For political reasons: 1.1 percent

They adversely affect Panamanian customs: 1.1 percent

They do not benefit the country: 1.1 percent

They destabilize the country: 1.1 percent

They set military examples: 1.1 percent

They think of themselves as almighty: 1.1 percent

Other reasons: 12.6

Does not know/no answer: 5.6 percent

They Believe Country Will Be Incapable of Finding Jobs for Panamanians Working on Bases

Do you believe the country will or will not have the capability to absorb those Panamanians who will be left jobless when U.S. military bases leave?

A total of 71.3 percent of those interviewed believe the country will be incapable of absorbing those Panamanians who will be left jobless upon the withdrawal of U.S. military bases; 22.3 percent believe the country can absorb them; 6.4 percent do not know.

More women (74.6 percent) than men (67.9 percent) believe the country will be incapable of absorbing those Panamanians who will be left jobless after the military bases leave.

People over 50 are more pessimistic (65.6 percent) than young people between 18 and 29 about the government being able to come up with an alternate plan.

There are 14 U.S. military bases in Panama with approximately 5,000 permanent Panamanian workers.

Some people perform manual jobs or simple bureaucratic tasks, but some are professionals and highly qualified technicians.

According to U.S. Army and U.S. Embassy figures, the military bases pay nearly \$86 million per year in salaries to Panamanian workers employed on the bases.

They Fear Government Will Be Unable To Compensate for Income Generated by Bases

Do you believe the government will be able to establish an alternate plan that can compensate for the income generated by the U.S. military bases?

A total of 62.4 percent of those surveyed said the government will be unable to establish an alternate plan that can compensate for the income generated by the U.S. military bases, while 25.9 percent said it will be able; 11.7 percent do not know.

Men (29 percent) are more optimistic than women (23 percent) on this question.

People age 50 or over (65.3 percent) believe the government will be unable to establish an alternate plan that can compensate for income produced by military bases; 57.6 percent of young people between the ages of 18 and 29 also believe this.

Military bases in Panama generate economic benefits to the tune of approximately \$152 million per year. According to economist Roberto Mendez, this figure cannot be disregarded, "but it is not as huge as some who want the bases to stay are saying. This is true if its relative weight in the national economy is analyzed."

In 1993 the country's total production of goods and services (GDP) was approximately \$6.565 billion. The benefit of the bases is equivalent to only 2.3 percent of GDP.

Majority Do Not Believe Bases Promote Militarization of National Police

Do you believe the permanence of the military bases beyond 2000 will contribute to possible militarization of the National Police?

The majority of those surveyed, some 61.7 percent, do not believe the permanence of the U.S. military bases beyond 2000 will contribute to possible militarization of the National Police.

A total of 28.6 percent of those surveyed believe otherwise. They do believe that the military bases could lead to a military buildup in Panama; 9.7 percent said they did not know.

In Panama, 31.3 percent believe in such an influence, while in the rest of the country 25 percent maintain that position.

Persons between the ages of 40 and 49 are the ones who mostly believe (30.8 percent) in the bases' influence on the National Police. This percentage drops for the population between the ages of 18 and 29 (27.5 percent).

Following World War II, the U.S. military bases were used to train military personnel for the Panamanian police. That is why many officers in the defunct National Guard were trained at the School of the Americas (which operated in Panama in Fort Gullick until 1985). Among the students trained there was Manuel Antonio Noriega (who ruled the country as a dictator between 1983 and 1989).

The U.S. military bases in Panama also trained officers from various Latin American armies.

The National Police was created in 1990, following the U.S. invasion of Panama, which dissolved the Panama Defense Forces. It had a civilian vocation, but many of its members came from the Panama Defense Forces.

They Believe Democracy Is Guaranteed by U.S. Military Presence

Do you believe that the current U.S. military presence in the country helps guarantee political stability and democracy in Panama?

More than two-thirds of the Panamanians surveyed, 68.5 percent, believe the U.S. military presence does help guarantee political stability and democracy in the country.

A little more than one-fourth of those surveyed (26 percent) believe the presence of the U.S. military bases does not contribute to Panamanian stability; 5.4 percent answered they do not know.

More women than men, with a proportion of 71.4 and 65.5 percent respectively, believe the presence of the U.S. bases contributes to the country's stability. On the other hand, more men than women (29.3 and 23 percent, respectively) believe the presence of the U.S. military does not contribute to democracy in Panama.

Between Panama and the rest of the country the percentages are similar. As for age groups, people between 40 and 49 are the ones who most believe (72.5 percent) that the U.S. military presence does contribute to the country's stability and are also the ones who least believe it does not help (21.8 percent).

Of all the age groups, the young ones, between 18 and 29, are the ones who least believe the U.S. troops help maintain stability (66 percent of them maintain this position, while 28.7 percent believe otherwise).

In 1925, U.S. troops entered Panama City at the government's request to suppress a tenants' strike. In 1964 the U.S. Army attacked groups of students and civilians who were demanding fulfillment of an agreement that called for raising the Panamanian flag in the Canal Zone; 21 Panamanians were killed and 500 were wounded. On 20 December 1989 the U.S. Army invaded Panama to overthrow Manuel Antonio Noriega's regime and destroyed the Panamanian Army.

The Guillermo Endara administration, which took office following the U.S. invasion on 20 December 1989, was sworn in on a U.S. military base.

On 5 December 1990, U.S. Army troops entered Panama City to put down a protest headed by the former chief of the recently created Public Force, Eduardo Herrera.

Panamanian Army Not Necessary for Canal's Defense

Do you believe that the Panama Canal's operation beyond 2000 justifies creating a Panamanian army for its defense?

A total of 55.4 percent of those surveyed believe it is not necessary to create a Panamanian army for the defense of the Panama Canal beyond 2000; 37.4 percent believe such an army is in fact needed; 7.2 percent said they did not know.

A larger percentage of those who answered yes to this question live in the Province of Panama than in the rest of the country, 40.4 and 34.3 percent respectively.

Even though the highest concentration of U.S. troops in Latin America is along the banks of the Panama Canal, military officers from various countries have repeatedly said that the Panama Canal cannot be defended.

Given the military potential that exists in the world today, defense of the canal does not depend on the military forces stationed on its banks.

In its 80 years of commercial activities, the Panama Canal has not been the target of any attack or act of war that could endanger its operation.

Up until now the only army that has maintained military installations in the canal area is the U.S. Army.

Views on Past of Panama Defense Forces Differ

Do you believe the gradual transition of the National Police to the National Guard and later to the Panama Defense Forces was significantly influenced by the U.S. military presence in Panama?

When speaking about the past relations between the U.S. military presence in Panama and its influence in the transformation of the National Police to the National Guard and later to the Panama Defense Forces, 47.4 percent of those surveyed said there was no influence while 41.8 percent said there was an influence; 10.8 percent said they did not know.

More women than men (50.2 and 44.5 percent respectively) believe the U.S. military presence did not have an influence on the transformation of the National Police into the Panama Defense Forces.

On the other hand, more men than women (47.2 and 36.6 percent respectively) believe the U.S. presence did have an influence on the history of the National Police, the National Guard, and the Panama Defense Forces.

At different times in history the Americans contributed with the National Police, the National Guard, and the Panama Defense Forces.

The transition from National Police to National Guard under the leadership of Jose Antonio Remon Cantera in the 1950's and the changes inside the National Guard under the leadership of Omar Torrijos in the 1970's led to the creation of an army with police duties.

Many of the weapons, courses, and structures of the institution were directly supported by the Americans, including those stationed on military bases on the canal.

Half Believe the United States Had Influence in Rise of Dictatorship

Do you believe that the rise of the Panamanian military dictatorship was highly influenced, somewhat influenced, little influenced, or not influenced at all by the presence of the U.S. military in our country?

Half of those surveyed (49.6 percent) believe the presence of the U.S. military in Panama had "some" or "great" influence in the rise of the military dictatorship in 1968.

Meanwhile, the other half (50.4 percent) believe the presence of the U.S. troops had "little" or "no" influence in the rise of the military dictatorship.

A total of 31 percent of those interviewed said the U.S. military presence had no influence on the rise of the dictatorship in Panama; 28.1 percent said it had "some" influence; 21.5 percent said it had "great" influence; and 19.4 percent said it had "little" influence.

We must note that in the survey the group that said the presence of the U.S. military in Panama had "great" influence in the rise of the military dictatorship in 1968 were men, who accounted for 25.5 percent, while women accounted for 17.8 percent. This means fewer women believe the Americans had "great" influence in the rise of the dictatorship.

This opinion is stronger in the province of Panama (27.3 percent) than in the rest of the country (15.6 percent). There is a difference of almost 12 percent.

They Think That Foreign Military Bases Affect Sovereignty

Do you think that military bases from any country in our territory could affect our sovereignty?

Some 34.4 percent of those polled are convinced that military bases from any country on this territory affect sovereignty, while 28.9 percent believe it affects sovereignty in some way.

Some 19.1 percent answered that the presence of any military base in this country affects sovereignty very little, and 18.3 percent stated it does not affect sovereignty at all.

Of those who said that military bases from any country in this territory affect sovereignty greatly, more men (39.4 percent) than women (29.8 percent) expressed this thought.

Having military bases in a country involves mass land, naval, and aerial military maneuvers, which are carried out within them or in nearby areas.

An example of how the presence of military bases affects sovereignty is explained by Roberto Mendez, economist and university professor, who has said that the presence of the bases has prevented the national urban development of Panama City and Colon. "Growth in both cities has been constrained since the beginning of the century by the bases and the Canal Zone itself (created by the 1903 Hay-Bunau Varilla Treaty). Instead of growing in a concentric or semi-concentric manner, the city has grown on a 30-degree angle, with a resulting increase in the cost of internal transportation for its residents."

Majority Likes North Americans

In general terms, how would you rate your liking for the United States and North Americans?

Some 69.4 percent of those interviewed do like the U.S. Government and North Americans, while 18.4 percent do not. An estimated 12.2 percent said they don't know.

Women (71.5 percent) show more liking than men (67.1 percent) for the United States and North Americans. This opinion becomes even more evident in the rest of the country (74.2 percent) than in the Province of Panama (64.6 percent). A larger percent in the Province of Panama (23.1 percent) than in the rest of the country (13.5 percent) do not like the United States or North Americans.

On 9 January 1964 there was a clash between Panamanian students and Canal Zone police after the students were prevented from raising the Panamanian flag in the Canal Zone. Thousands of Panamanians joined in this struggle. Demonstrators were repressed by the Canal Zone police for several days in a row. This confrontation resulted in the death of 21 Panamanians and the wounding of over 500 people. On 20 December 1989, the United States invaded Panama and overthrew General Manuel Antonio Noriega. This invasion resulted in a still undetermined number of fatalities, injured, and destruction, causing enormous social, economic, and political damage.

Indifference Toward Presence of North American Soldiers

How do you feel when you see U.S. soldiers on the streets of Panama?

Some 44.5 percent of those polled said they are indifferent to the presence of U.S. soldiers on the streets of Panama; close to 42.6 percent said it makes them feel good.

An estimated 12.9 percent replied that seeing U.S. soldiers on the streets of Panama makes them feel bad.

Among those who said they feel good when they see a U.S. soldier on the streets of Panama, the number was higher in the rest of the country (46.7 percent) than in the Province of Panama (38.6 percent).

In Panama (17.9 percent) more people dislike the presence of a U.S. soldier on the streets of Panama than in the rest of the country (7.9 percent). The indifference when seeing U.S. soldiers on the streets of Panama is greater in people 50 years or older (52.8 percent) than in youths from 18 to 29 years old (38.2 percent). Inversely, youths from 18 to 29 years (29 percent) are more indifferent to the presence of a U.S. soldier on the streets of Panama than persons 50 years or older (33.6 percent).

The U.S. military presence was rejected when the Panamanian population mobilized against the 1947 Filos-Hines Base Agreement. And the U.S. military also was rejected by Panamanians when on 9 January 1964, they used their power against Panamanians demanding sovereignty in the then Canal Zone.

On 20 December 1989, the U.S. Army invaded Panama and overthrew Manuel Antonio Noriega and his dictatorial regime.

They Think Military Bases Enhance Panama's Image

Do you think that the presence of U.S. bases in Panama enhances or tarnishes our image before other countries in the world?

More than half of those interviewed (61.9 percent) considered that the presence of U.S. bases in Panama favors the image of Panama before other countries in the world.

Some 24.7 percent believe that it tarnishes the image of Panama, and 13.4 percent said they don't know.

Among those who think the presence of U.S. military bases in Panama favors Panama's image before other countries in the world, it is observed more women (61.2 percent) than men (59.4 percent) support this opinion.

In Panama (28.1 percent) more than in the rest of the country (21.2 percent), people say that the presence of U.S. bases in Panama adversely affect the image of Panama before other countries in the world.

Military bases are viewed by some people as necessary for the defense of the Panama Canal; nevertheless, the U.S. military bases could not prevent or ward off a missile attack against the Panama Canal, since its vulnerability has been admitted by military experts.

They Think There Are More Benefits Than Drawbacks

How do you think the U.S. presence in Panama affected the customs and lifestyle of Panamanians since the construction of the canal?

Some 40 percent of those surveyed said that the U.S. presence in Panama has enriched the customs and lifestyle of Panamanians, while 27.4 percent believe it has yielded few benefits.

Meanwhile, 12.7 percent stated that the U.S. presence has caused little damage to Panama, some 12.4 percent said it has caused great damage, and 7.5 percent don't know. More people in Panama (46.3 percent) than in the rest of the country (33.6 percent) believe that the U.S. presence in Panama has greatly benefited and has influenced the customs and lifestyle of Panamanians since the construction of the Panama Canal.

Additionally, more persons 50 years and older (47.2 percent) support this view than youths from 18-29 years old (46.3 percent). However, more youths 18-29 (29.8 percent) than persons 50 years or older (22.3 percent) believe that the North American presence in Panama has had few benefits on the customs and lifestyle of Panamanians.

Ever since the construction and opening of the Panama Canal in 1914, Panama has used the dollar, which is the U.S. currency. In government schools and colleges, the English language is taught. Another clear example is the music; U.S. pop music is very popular in this country.

They Think Canal's Administration Is Efficient

Currently, do you think that the canal's administration is very efficient, somewhat efficient, or inefficient?

Some 48.7 percent of those polled considered that the handling of the Panama Canal is "very efficient." Additionally, 33.9 percent of those surveyed said that the canal is run "somewhat efficiently."

Meanwhile, 13.3 percent stated that the handling is hardly efficient, while some 2.7 percent considered it "inefficient." Some 1.4 percent said they don't know.

An interesting aspect of the answers is that more people in the country's interior believe that the Panama Canal is run inefficiently. Also, the number of people who think that the canal is run efficiently is lower there.

Consequently, among those who said that the canal is run in a "very efficient" manner, 59.3 percent are residents of the Province of Panama and 37.8 percent live in the rest of the country.

Also among those who said that the canal is run "somewhat efficiently," there is a large difference between the people in the Province of Panama (28.9 percent) and those living in the rest of the country (39.1 percent).

In addition, among those who said that the canal is run "inefficiently," there is a major difference between people in the Province of Panama (8 percent) and those living in the rest of the country (18.9 percent).

This may perhaps be explained by the fact that the Panama Canal is located in the Provinces of Panama and Colon and its benefits are hardly felt in other provinces.

They Think Administrative System of Canal Should Not Be Changed

Do you think that in 2000, when it will be turned over to Panamanian hands, the canal must change its administrative system or must continue the same?

Most of those interviewed (56.8 percent) consider that the canal must not change its administrative system when it is turned over to Panama.

Meanwhile, 36.4 percent think that it must indeed change the current system. Some 6.8 percent said they don't know which administrative system should be used.

According to the 1977 Panama Canal Treaties, the United States will turn the Panama Canal over to the Panamanian administration on 31 December 1999.

Currently, the Panama Canal Commission is governed by the Torrijos-Carter Treaty-mandated Law 96-70 (Murphy Law) and by domestic U.S. legislation.

The Panama Canal Commission, a U.S. Government agency, is tasked with running the canal for a 20-year transition period, which began with the entry into effect of the Panama Canal Treaty on 1 October 1979.

The commission is supervised by a binational board of nine people. During the first 10 years, a U.S. citizen served as chief executive, under the title of administrator, and a Panamanian served as deputy administrator.

Beginning on 1 January 1990, as mandated by the treaty, a Panamanian is serving as administrator and a U.S. citizen as deputy administrator.

According to Panama Canal Commission Administrator Gilberto Guardia, the canal's transition should not disrupt the canal's service to its customers; it must be viewed as just another day of service to world commerce.

Things Will Be Less Efficient

After 2000, do you think that Panamanians will run the canal more efficiently, as efficiently, or less efficiently than it is run today?

Most of those surveyed (55.4 percent) stated that after 2000, Panamanians will run the canal less efficiently than it is now run.

Meanwhile, 31.4 percent of those polled said that Panamanians will run the canal as efficiently as it is run now.

Some 13 percent stated that when the canal is turned over to Panamanian hands, it will be handled more efficiently than now. Some 0.2 percent said they do not know.

An interesting feature of the results of this survey is that among those who said the Panamanians will be "less efficient," there are more women (60.6 percent) than men (49.7 percent). In other words, women have less confidence in the efficiency of Panamanians than men do.

Presently, most canal employees are Panamanians, including Panama Canal Commission Administrator Gilberto Guardia. But the commission is run as a U.S. Government agency.

Fear That Reverted Areas Will Be Handed Out

Do you fear that reverted areas may become political booty?

Most of those interviewed (80.4 percent) said they fear that the reverted areas may become political booty.

Some 13.3 percent of those interviewed do not fear that this will happen, while 6.3 percent replied that they don't know what might occur.

In 1993, by means of Law 5 of 25 February, the government created the Interoceanic Region Authority (ARI), whose primary objective is to guard, use, and administer the reverted properties, so as to incorporate them in the nation's full-blown development.

This law was amended. Some articles were added in February 1995 which, according to the executive branch, are positive for the country's entire development.

Nevertheless, members of the opposition to the government and some ARI board members opposed these reforms on the grounds that they undermined the autonomy and independence of ARI.

Changes made in ARI caused a public controversy involving board members, then-administrator Jose Chen Barria, President Ernesto Perez Balladares, and opposition political sectors.

Chen Barria and ARI board members Carlos Valencia and Rafael Arosemena resigned on 8 March, after saying that once the amendments were approved, the entity would lose autonomy and independence.

With the modifications, the president of the Republic is responsible for designating the new administrator, after the ARI Board of Directors submits a list of three candidates.

In early May, Perez Balladares chose Nicolas Ardito Barletta, economist and former president of the Republic, as new ARI administrator. In addition, Augusto Zambrano was designated new deputy administrator.

Ardito Barletta Awakens Doubts

Do you trust the new ARI Administrator Nicolas Ardito Barletta?

Some 42.3 percent of those surveyed do not trust new ARI Administrator Nicolas Ardito Barletta, while 40.2 percent said they do trust Ardito Barletta.

Meanwhile, 17.5 percent don't know whether to trust the former president of the Republic.

Nicolas Ardito Barletta has been accused of taking over the presidency in 1984 in a fraudulent manner, following a fraud in the vote count by the Electoral Tribunal, an entity controlled by the military officers who governed the country in those days.

Barletta is an economist and has held important positions, such as World Bank vice president for Latin America.

Use of Reverted Areas Deemed Inadequate

Do you think that the areas that have reverted to Panama are being used very properly, somewhat properly, hardly properly, or improperly?

Some 77.4 percent of those polled said that the reverted areas are being used "improperly" or "hardly properly."

Only 22.2 percent of those interviewed considered that the use the reverted areas are receiving is "very proper" or "somewhat proper."

Some 0.4 percent stated they don't know.

Some 42.2 percent said that the use of the reverted areas has been "improper," while 35.2 percent stated that the use has been "hardly proper."

Meanwhile, 15.9 percent stated that the use of reverted properties has been "somewhat proper," and 6.3 percent replied that the use has been "very proper."

The government, by means of Law 5 of 25 February 1993, created ARI with the primary goal of guarding, using, and administering reverted properties or properties to be reverted, so as to incorporate them into the country's integrated development.

Many of the areas that have reverted to Panama have been invaded by squatters and several buildings have been vandalized. However, the new ARI policy consists of receiving the property and renting or assigning it immediately, so as to prevent repetition of these anomalies.

Currently, the firm Nathan Associates Inc. is carrying out the general plan for the use, preservation, and development of the canal area.

New ARI Administrator Nicolas Ardito Barletta has voiced concern over the delay in ARI's work in handling future reversions.

According to Barletta, ARI will have to do in six months what normally takes two years to complete, and it will have to do in two years what normally takes five or six years. "To accomplish this, I hope to work with a professional team of the highest quality, and I hope to consult with all sectors, which I am sure will be able to propose excellent ideas to carry out projects for the benefit of the reverted areas," Barletta added.

Half Think Government Not Getting Ready for Canal

Do you think that the government is getting ready to receive the installations in the former Canal Zone?

Regarding the issue of the preparedness to receive the installations in the former Canal Zone, opinion is divided. Some 46.4 percent of those polled said that the government is getting ready to receive the installations in the former Canal Zone, while 46 percent think that it is not.

Some 7.7 percent did not answer.

Among those who said that the government is getting ready, youths between the ages of 18 and 29 (49.2 percent) top persons of 50 years or older (41.1 percent).

Additionally, among those who answered that the government is not getting ready, the same difference can be observed, but now conversely; this opinion is more

evident in persons over age 50 (52.1 percent) than in youths between 19 and 29 (42.4 percent). This represents a nearly 10 percent difference.

In 1993 the government created ARI through a law, with the purpose of guarding, using, and administering reverted properties or properties to be reverted and incorporating them into the country's full-blown development.

Also, a few months ago President Ernesto Perez Balladares created the commission that will be tasked with making the necessary arrangements so that the Panamanian Government can properly assume the administration and operation of the Panama Canal on 31 December 1999.

The so-called Transition Commission for the Adequate Transfer of the Canal is comprised of four Panamanians who are members of the canal's board of directors; Fernando Cardoze, Moises Mizrachi, Emanuel Gonzalez Revilla, and Jorge Eduardo Ritter.

Currently, the country has an institutional framework for canal policy. This was achieved following the approval of the new constitutional title on the matter.

From the legal angle, other special legislation and a law are still required for the canal authority.

Argentina

Menem on Military Dictatorship's Crimes, Economy

AU1705144695 Vienna DIE PRESSE in German
17 May 95 p 4

[Report by Andreas Schwarz: "Argentina's 'Dirty War' Under Crossfire"]

[FBIS Translated Text] Buenos Aires — The day after his impressive reelection, Argentine President Carlos Menem can still become really angry: "After 20 years, someone comes — as it happens, at the end of the election campaign — and confesses crimes committed during the military dictatorship," Menem tells DIE PRESSE. This was done in an attempt to harm him, who himself spent five years in prison, but pardoned the convicted persons mainly responsible for terrorism, the president suspects, dropping gloomy hints at contracts with the U.S. film industry worth millions [currency not specified] for the confessors.

The debate on the "dirty war," the disappearance of thousands of opposition members during the military rule (1976-83), is still occupying Argentina. Since high-ranking junta members recently described in detail how regime opponents were simply dropped from aircraft over the Rio de la Plata, the issue of the responsibility of the perpetrators has again been raised. According to Menem, if relevant documents still exist — most were burned by the military at the time — they are open to examination and investigation in the cases of disappeared persons.

However, the "law on a clean break," which stopped further lawsuits against the henchmen of the dictatorship, did not come from him, but from his predecessor Alfonsin. Menem declined to enter into discussion with DIE PRESSE about whether legal investigations are to take place again after all.

At any rate, it is undisputed in Argentina that Menem has largely refrained from dealing with the past, while, at the same time, he has radically cut the military's economic base and thus deprived it of all power, for example, by a radical privatization of the enterprises owned by the army.

Regarding his country's economic situation, Menem refers to the stability of the past six years and the fact that Argentina is also on the point of overcoming the final difficulties of the past few months. The high unemployment rate of 12 percent will be combated with an investment program of \$80 billion in the next five years. This should result in 330,000 new jobs per year, housing construction, and an improvement of

the infrastructure to achieve more competitiveness, the president confidently states.

Since 1989, the unemployment rate alone has decreased from 37 percent to 11 percent and in the growth of the GNP Argentina ranks third behind China and Thailand. With almost 50 percent of the votes, the Peronist party meets today with greater approval than at Menem's first election in 1989, he says.

In the interview with DIE PRESSE, Menem says he does not see a change in Argentina's political landscape after the elections. This time, a third power, the Fretaso of ex-Peronist Bordon, which achieved a respectable election result and was almost able to achieve a second ballot, has developed from the traditional two-party system of the Peronists and the Radicals (ex-President Alfonsin), "but they will remain an anecdote and only benefit now from the weakness of the Radicals," President Carlos Menem says.

Leftist Party Leaders Assess Menem Reelection

PY1705161695 Buenos Aires TELAM in Spanish
2303 GMT 15 May 95

[FBIS Translated Text] Buenos Aires, 15 May (TELAM) — On 16 May, several leaders from leftist parties complained that the divisions within the left — evinced in the 14 May elections — prevented them from obtaining the necessary number of votes to win any seats in Congress.

Humberto Tumini, the People's Resistance Front presidential candidate, expressed the belief that "having received nearly 50 percent of the vote and a majority in the Chamber of Deputies, the ruling party has enough clout to continue applying its adjustment plans."

Asked to comment on the number of votes received by leftist parties, Tumini contended that "it was partly due to the segmentation of the left, which could not present a common front, and partly to the fact that a portion of the electorate voted for (Jose) Bordon [presidential candidate of the Front for a Country in Solidarity, Frepaso] to oppose President Carlos Menem."

Socialist Workers Movement presidential candidate Luis Zamora, for his part, deemed that "(Carlos) Menem will use his political victory to deepen the adjustment." He was of the opinion that the head of state "will not solve the question of unemployment; on the contrary, problems will become even more acute."

Zamora told TELAM news agency that "Menem will use his electoral victory to go against the working class that voted for him."

Sociologist Alcira Argumendo from the "South Alliance" — which fielded the ticket comprising "Pino" Solanas and Carlos Imizcoz — argued that the ruling party's model "is proving to be a failure in Argentina."

Having bemoaned the poor performance of the "South Alliance" in last Sunday's election, Argumendo said that "there is some data indicating that it is not feasible to continue with the present model, as Argentina's external debt has increased."

Authentic Socialist Party presidential candidate Mario Mazzitelli claimed that "the Argentine people have expressed their resolute political will to continue living in democracy." He conceded that the Menem administration "came to this election in so firm a position that it practically did as well as in the 1989 election."

Mazzitelli noted that, as far as quality is concerned, the opposition "did not represent a different alternative and, as far as quantity is concerned, the opposition was mainly represented by the Frepaso [Front for a Country in Solidarity]." Regarding the Frepaso, Mazzitelli gave the following assessment: "It is necessary to see how it develops to know whether it will actually become an opposition force."

Jorge Altamira, the Workers Unity Front-Workers Party alliance presidential candidate, told TELAM that "the stock exchange capital was the social force that benefited" from the elections, announcing that "a popular rebellion against the government would take place" within six months.

Altamira gave this assessment: "Within six months, there will be demonstrations, popular rebellions in the interior of our country, and strikes against the government's crisis policy."

Altamira noted that the election represented "a vote of punishment for the opposition, with the well-known ballot sections that favored Menem and harmed the Frepaso," as the people "preferred those who already know how to engage in politics to continue engaging in it."

With regard to the situation of leftist sectors, Altamira noted: "Efforts already failed before the elections, during the campaign." He emphasized that most leftist groups "are disappearing, and those that ran in the elections are powerless."

Alcides Christiansen, the MAS-PTS [Movement Toward Socialism-Workers Party for Socialism] alliance presidential candidate, emphasized that, with Menem's reelection, "the plans of leading national and foreign entrepreneurs have been enhanced."

Christiansen noted: "Now we must be prepared for growing unemployment, progressive wage reductions, and our country's progressive surrender, as this will be the runoff that we will now endure."

Economic Analysis Forecasts Rise in Exports

PY1705233895 Buenos Aires NOTICIAS

ARGENTINAS in Spanish 1652 GMT 17 May 95

["Special report for NOTICIAS ARGENTINAS" by Daniel Naszewski]

[FBIS Translated Text] Buenos Aires, 17 May (NA) — In the second half of 1994, the trend in Argentina's foreign trade already was moving toward a leveling off and a decline in the trade deficit, but in the first months of 1995 this tendency has definitely been confirmed. In March, Argentina's balance of trade showed a surplus of \$41 million, while in April this surplus climbed to \$300 million.

Therefore, even though Argentina had a \$226 million trade deficit in the first four months of 1995, it is a fact that the trade deficit is showing signs of leveling off, and that exports are catching up with imports. In fact, imports have stopped growing and declined slightly as of March — a trend that is consistent with the economic slowdown clearly seen precisely as of March.

There may be another explanation for this decrease in the trade deficit, namely the decline in the inflow of capital into the country following the Mexican crisis, which reduced the levels of financing for foreign trade and was compounded by a decline in domestic consumption, bringing about a parallel drop in imports.

There is another factor that explains this — the changes in the tariff policy that the economic team instituted early in the year. In the beginning these changes seemingly had a fiscal objective only. Reality is showing that the rise of 3 percentage points in the statistic rate, and the 10 percent increase in tariffs levied on capital goods and informatics, were pursuing another objective, which was not explicitly mentioned but is now quite obvious: to control the massive entrance of these products over the last two years as part of the modernization and retrofitting process that the economic team itself promoted.

Thus a tariff reform that passed unnoticed for many was introduced some months ago to enhance the effective level of protectionism and thus counteract the influx of imports, so that if there was a considerable upturn in economic activity (something that is expected, as foreign investment is returning to the financial system) it would stave off a new boom in imports. Moreover, it was feared that such a boom could not be financed due

to the lack of foreign financing in foreign currency, as it is believed this will not return to Argentina in large amounts in 1995.

But the true reason behind the surplus in March and April has more to do with exports, which have grown by no less than 45 percent in the first four months of the year as compared with the corresponding period in 1994. Although it is thought that this rate of growth will not be maintained throughout the year, it shows that this is an incipient boom year for exports.

The reasons for this are many and varied. To begin with, on the external front there has been a sustained increase in the price of commodities on the international markets, which according to the IMF may continue until the end of the century. The price of grains and of cotton, as well as tobacco, wool, and other primary products, is higher than in previous years. The price of raw industrial materials shows a similar trend. This is all due to a considerable increase in international demand, as in 1994 the import of commodities by industrial countries increased by 12 percent.

In sum, a sustained international demand, higher prices, a surge in consumption in Brazil, and an expansion of Argentine exports to the United States, Europe, and Asian countries are the external factors that account for this incipient spurt in Argentine exports. As for the reasons underpinning this occurrence on the "domestic front," let us mention the significant increase in productivity over these years of retooling the country's production infrastructure in industry, agriculture, and services. This movement is bound to gather momentum as the Argentine cost gradually goes down. Lastly, there is a circumstantial factor that may vanish in the forthcoming months: The drop in domestic consumption led many companies to get rid of production surpluses by exporting them abroad. This is why it is expected that the 45 percent rise in exports will not be maintained throughout the present year, although reliable estimates argue that exports will expand by no less than 25 percent in 1995, totaling more than \$20 billion.

Basing ourselves on the previous data, it is possible to contend that the trend toward a sustainable shrinkage in the trade deficit will continue.

Senate Overrides 10 Articles of Patents Bill

PY1805020795 Buenos Aires TELAM in Spanish
2214 GMT 17 May 95

[FBIS Translated Text] Buenos Aires, 17 May (TELAM) — The Senate this afternoon unanimously voted to override 10 of the 16 articles of the Patents Bill that the president had vetoed and to accept the remaining six articles.

Shortly after 1900, the senators insisted that the article establishing that the law will become effective in eight years' time — among others — be enacted as originally passed by Congress. The text of the bill has now been submitted to the Chamber of Deputies for discussion.

Export 'Boom' Viewed

95SM0332A Buenos Aires (Internet) Argentina Gopher
in Spanish 9 May 95

[Article by Daniel Naszewski: "The Engine"; from EL CRONISTA COMERCIAL News Summary 9 May]

[FBIS Translated Text] The export boom is undeniable: a 47 percent jump in the first third of the year over the same period in 1994 is spectacular. The question is whether this phenomenon is temporary or permanent, incidental or structural, caused by factors outside the country or the result of earnest efforts to enhance business productivity and our penetration of international markets.

There is no single answer. There are exogenous and endogenous factors that have helped Argentina to sharply boost its exports. Owing to the boom in consumption in Brazil and its lower real exchange rate, our country will sell it close to \$5 billion worth of goods in 1995, compared to \$3.6 billion in 1994, although the fear is that this will not be sustainable because of the measures that Brazil is already taking to prevent a bigger trade deficit. Second, our agricultural harvest is at a record high, thanks to the sector's efforts at technological improvement, during a period of favorable prices after years when they were at rock bottom. Besides this, hoof and mouth disease has been eliminated, and meat exports are projected to hit 450,000 tons in 1995, a level that we have not seen in years. Third, international trade is in the midst of a full-fledged expansion: the total imports of the industrialized countries were up 13 percent in 1994, and similar growth is expected this year, which shows that now is a good time to further our integration into the First World.

As we can see, there is a combination of factors: favorable world conditions and businesses that are taking advantage of this while they make lasting changes. We should be careful, though: according to the same official projections, exports are not expected to rise much less than 20 percent in 1995 as well. The rise in recent months confirms that a new engine is developing in the economy, but the worst thing that could happen would be for us to grow smug and think that no more needs to be done. The export battle has only just begun.

Impact of Financial Crisis on Pymes

95SM0332B Buenos Aires (Internet) Argentina Gopher
in Spanish 3 May 95

[Article by Carlos Abalo: "Businesses Have Begun a Preventive Reduction in Activity"; from EL CRO-NISTA COMERCIAL News Summary 3 May]

[FBIS Translated Text] The financial crisis has had an impact on the level of business activity, especially in the Pyme group [small and medium-sized businesses]. These companies expected their sales to drop around 25 to 30 percent during the initial impact, and it was said that if the payment chain were to be restored or restructured in some way, the critical situation would last until early in the third quarter, and thus the second quarter would be the worst. But if there were no recovery by the close of the fateful quarter, a second wave would extend the lack of liquidity and insolvency to a larger group of companies. Many companies think that if the past due bills owed them are paid, they will be able to stay in business, but if the liquidity situation worsens in the third quarter, they could be forced to suspend operations until payments are normalized.

This individual assertion does not take the whole into account, because if the entire group shuts down while waiting for normalcy to return, then this will be the best way to ensure that nothing will return to normal. The sharp downturn in March and April was partly offset by a strong rise in exports, but the problem is that because of the scale of production needed to achieve competitive costs, these companies must be able to rely on domestic activity.

Most of these businesses maintained and, in some cases, even intensified their activity up to February, but there was a drop of 10 to 15 percent in March, followed by a veritable nosedive in April. End-user demand has unquestionably brought about this panorama, inasmuch as consumers, determined not to borrow, bought less, except those who as part of their personal plans purchased the essential items that they could afford without going into debt.

The problem does not seem to lie all that much in end-user demand, however. What made the sudden drop in April worse was the preventive reduction in business activity beyond what intermediate and end-user demand, as appropriate, indicated. This was done in order to avoid securing loans or, to a lesser extent, borrowing from suppliers, inasmuch as the latter, in turn, cannot further shorten the payback periods, which have been sharply reduced. Many of those who took this approach succeeded in protecting their finances but are now in danger of operating below the equilibrium point and

accumulating losses. The Pyme sector also saw a sharp rise in exports in April, which for many is providing the financing that they cannot find on the domestic market.

The attitude of the ultimate consumers is consistent with a contraction in sales, but there is no agreement on its meaning and scope. It so happens that the rise in production took place in January and February, but since many expected that the change in season would stimulate demand, they produced more than was sold, and inventories expanded and now pose a problem for many companies. This is why the bottom line is mixed.

On the one hand, as far as consumer prices are concerned, there was a move from deflation of 0.4 percent in March to inflation of 0.5 percent in April owing to increases in flour, dairy products, medicine, and vegetables; this suggests that there was a shifting, and that this response may have been associated with keeping up demand. But the drop in tax and social security revenues in April, compared to the same month in 1994 and compared to forecasts, especially in the case of the VAT [value-added tax], makes it quite clear that the drop in consumption was decisive. In any event, the picture would be incomplete if we did not take into account the lending squeeze, which is much more serious than the decline in demand. To gauge this we need only read the burdensome requests for documents that banks are making of their customers, who thus have to become veritable offices of economic statistics, which is, of course, beyond the scope of small and medium-sized companies.

Bolivia**Intellectual Piracy 'Issue of Conflict' in U.S. Relations**

PY1705232495 La Paz PRESENCIA in Spanish
4 May 95 p 1

[FBIS Translated Excerpt] The open intellectual piracy carried out in Bolivia against copyrights, computer programs, movies, videos, television programs, sound and music recordings, publications, and other products is about to provoke commercial sanctions with serious consequences for the national economy.

The U.S. Administration has threatened to "decertify" Bolivia, not for failing to fulfill the coca eradication agreements, but because of the unauthorized use of copyrights, especially through unauthorized television and radio broadcasts.

Intellectual piracy has become a new sensitive issue of conflict in Bolivian-U.S. relations, as admitted by the Bolivian Foreign Ministry in a letter addressed to the Confederation of Communications Media.

In the letter the government warns that Bolivia could be the object of commercial sanctions if the necessary corrective measures are not adopted.

The U.S. Administration is exerting pressure on several countries involved in intellectual piracy due to the millions in economic losses that this illegal action produces.

Enrique Roda, president of the Confederation of Communications Media, told PRESENCIA that clandestine stations, which in our country are up to 30 percent of total stations, are those most seriously involved in this piracy.

The legal communications media are willing to respect the copyrights and pay for the use of these rights, though they admitted that such an economic burden will have a negative impact on the sector.

"Equitable" fees should, therefore, be imposed on everyone, said Roda, especially on the illegal stations, and the state should distribute its advertisements among all the media with no privileges for anyone. [passage omitted]

Commander: Air Force on 'Brink of Total Collapse'

PY1805004195 La Paz PRESENCIA in Spanish
5 May 95 p 6

[FBIS Translated Text] (JATHA) — Referring to the report by General Oscar Sanchez Reguerin, the FAB [Bolivian Air Force] commander, who publicly asked for support for the FAB, Defense Minister Raul Tovar told the JATHA News Agency that the government is unable to deal with the FAB situation during this administration because the budget is earmarked for other purposes.

In a recent speech at the El Alto Air Brigade in the presence of Defense Minister Tovar, military officers, and all the military troops in formation, Sanchez Reguerin said the Air Force was "on the brink of total collapse," and demanded greater assistance from government officials.

Asked about the speech and the almost direct reference to him, Minister Tovar said: "Military aviation is very expensive nowadays. While the national budget has not been updated recently, but we are adopting the right measures. We will make the necessary efforts to renew our war materiel in the near future, both for training and for the defense and security of the country."

Tovar was asked: When will this be possible? He replied: "Not this year, not this year. Our budgets must first be channeled toward foreign credits, and that is what we are doing this year. We might reach agreement

for a support credit, especially to purchase training planes."

The FAB commander spoke on the 75th anniversary of the first flight in Bolivia. He said: "We must admit that bad winds are blowing our aviation off course, buffeting it in a difficult and worrying institutional situation which has no support, no resources, and no appropriate understanding from top government levels."

Brazil

Officer Reveals Presence of U.S. Radars Near Tabatinga

PY1705183195 Rio de Janeiro JORNAL DO BRASIL
in Portuguese 16 May 95 p 4

[Article by Orlando Farias]

[FBIS Translated Text] Manaus — The U.S. Government already controls through radars the airspace of the Amazon jungle in Peru and Colombia, besides 200 square kilometers in Brazil. JORNAL DO BRASIL learned this yesterday through a high-ranking officer. This information was also confirmed by Amazon Federal Police Superintendent Mauro Sposito, who frequently contacts the Peruvian and Colombian police to repress drug trafficking.

According to Sposito, U.S. Government experts operate an air control system installed in Pucallpa, Peru, and in Leticia, Colombia. The group of radars is strategically located in Amazon jungle areas in the cocaine production centers of the two countries.

With U.S. technology, the radars allegedly have a capability to control an area of 400 square kilometers. The radar installed in Leticia, on the border with Brazil, currently monitors a 200 square kilometer area of Brazilian airspace near Tabatinga, Amazonas. This region is one of the points of entrance of drugs into Brazil.

"The Americans are already in the Amazon region, and they have more interests in this area than what they can confess," said the officer, who is an expert in jungle warfare. He believes that this fact alone justifies the Brazilian military fears of international coveting with regard to the Amazon region.

Committee Approves Bill Regulating Granting of Patents

PY1705183395 Rio de Janeiro Rede Globo Television
in Portuguese 1530 GMT 17 May 95

[FBIS Translated Text] The Senate Constitution and Justice Committee [CCJ] has just approved a bill

regulating the granting of patents for products. The CCJ members are still voting on the various clauses of the bill, which must still be analyzed by the Senate Economic Affairs Committee. Only then will the project be voted on by the Senate plenary.

Ecuador

Distrust of Peru Seen During Demobilization

95SM0325A Guayaquil EL TELEGRAFO in Spanish
8 May 95 p 4-A

[Commentary received via Internet]

[FBIS Translated Text] While the demobilization process is indeed proceeding normally and without setbacks, the risk of a new military confrontation with the southern invader is still possible until there is a definitive boundary demarcation. Maintenance of our state of emergency is justified, especially considering the bellicose statements made by President Fujimori at a time when the observer nations are striving to complete their noble mission: ensuring peace between our two nations.

The president of Ecuador's parliament, with a realistic vision, states with civic spirit that it is too soon to lift the national state of emergency in response to an inappropriate Constitutional Court request. It is absurd to say the conflict is over, while just recently the Peruvian chief executive, emboldened by his election victory, denied our sovereign right of access to the Amazon and underhandedly hinted at new military threats. The legislator explains clearly that Fujimori's statements are grave and Peru's intention remains firm; therefore, we want to be certain that the zone is totally demilitarized by both parties.

Let us recall that Ecuador's president, Sixto Duran Ballen, ordered the state of emergency on 27 January 1995, just when the invasion by Peruvian troops intensified. While the circumstances which led to this constitutional measure have changed with Ecuador's agreement to sign the Itamaraty peace accord, a state of alert is being maintained until the border demarcation in the Upper Cenepa has been definitively completed. This is not a political issue on which the high court would have a right to call for revocation; it is instead a legitimate instrument guaranteeing our national security. We are engaged in a process of demobilization and separation of forces, and that implies concern until the conflict is concluded. While Peru's chief of state warns the observers and threatens to declare another war, Ecuador cannot remain indifferent to these brazen declarations; indeed, the state of alert is warranted to protect our territorial rights and sovereignty at any price. Continuation

of the state of national emergency is justified, and a request to the contrary is detrimental to our own security.

Strengthening of Armed Forces, Militarization Urged

95SM0325B Quito EL COMERCIO in Spanish
8 May 95 p A-4

[Commentary by Enrique Echeverria G.: "Desire for Peace"; received via Internet]

[FBIS Translated Text] Under the observers' distant gaze, the troop withdrawal from the zone of armed conflict has concluded.

How difficult will the negotiations be? Let us not forget this biographical note about President Fujimori: "Yesterday he said he would like to change the tanks into tractors, and today he is embarking on an arms race. Yesterday he came to Ecuador to propose papal mediation, and after the supreme pontiff spoke, he now denies any possibility of papal intervention... He unilaterally declares a ceasefire and then his troops advance in a failed attempt to reach Tiwinza" (Washington Herrera).

As for what the United States may do, consider this statement by [former] Secretary of State John Foster Dulles: "The United States does not have friends, it has interests."

In discussions in Ecuador, there has basically been talk of peace. This is an invocation of peace on the part of a people who, through their soldiers, won the Upper Cenepa War: it is not the plea of a defeated people, but of victors.

But the Peruvian response sounds as if they had won and wanted to impose conditions. That is deduced from the olympian attitude of the "highly pugnacious" President Fujimori, and even from a man who should set an example of peace and harmony for the Catholics of two nations: the Peruvian cardinal, with his quasi-military attitude.

We clearly remember how, during the days of the war, the people of Huaquillas and Aguas Verdes joined together in a fraternal meeting on the International Bridge, and after them came delegations of business people, workers, and students from both countries to appeal to their governments for peace. Ecuador and its government have done so. The Peruvian government has not. It surely hopes to slip its soldiers in so they can occupy the emblematic Ecuadoran military posts that have now been left unoccupied in compliance with the Itamaraty Agreement. Including the legendary Tiwinza.

If we draw up the record, we conclude with a single unshakeable truth: the defense of our territory rests fundamentally on our own strength. The assistance of the observer nations is welcome and we do appreciate it, but they, along with Ecuador, could at any given moment be the victim of surprises on the part of Peru. The answer? To maintain and improve our armed forces, even though that will cost us, and to militarize the nation: every Ecuadorian between the ages of 15 and 70 should do whatever he can in the event of conflict.

Let us leave the problem to the government of Ecuador and not allow irresponsible people to try to make use of this patriotic issue as a means to win votes in the next presidential campaign.

Terms For Reaching Consensus on Constitutional Reforms

95SM0326A Quito HOY in Spanish 8 May 95 p 3-A

[Received via Internet]

[FBIS Translated Text]

Framework for Consensus

These are the terms that will determine the possibilities for reaching consensus between the Executive and Legislature.

Social Security

Payments by contributors will be made to the IESS [Ecuadoran Social Security Institute].

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- These payments must be invested in highly profitable systems.
- The private sector may provide services on terms of free competition.
- The principle of solidarity is retained; that is, everyone must contribute to the benefits of workers who contribute the least.

Strategic Areas

Article 46 of the Constitution relating to strategic areas is intended to specify state ownership of nonrenewable natural resources.

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- Nonrenewable resources are the inalienable property of the state.
- A licensing system will be implemented for providing services, allowing participation by the private, joint public-private, and community sectors.

- In any event, licensing will be introduced so that any future alienation of nonrenewable assets may be prevented.
- The division of sectors of the economy is maintained.

Unionization

A distinction is clearly defined between the public sector worker who is subject to the Labor Code, and the public employee who is subject to the Administrative Career Law.

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- There will be restrictions on strikes that affect public services, even though administrative paralysis is allowed.
- Public employee unions are not eliminated.

Magistrates

A transitional system is being proposed until absolute professionalization of the administration of justice has been achieved, with the appointment of career magistrates.

Congress will continue to appoint magistrates until the career system is in place and there is a self-selection process. To reach consensus on constitutional reforms, transformations in strategic areas, public employees' unionization, social security, and the selection of magistrates must not go as "deep" as the Executive has proposed. Only in that way will it be possible to gain the support of the largest benches of Congress.

Andres Vallejo says, for example, that Democratic Left will vote for the reforms if anything relating to strategic areas is not changed or if, at most, the role of licensing is defined only as a mechanism to expressly prohibit the alienation of state ownership of natural resources.

Contacts among different party benches have been intense, and parties like the Democratic Left and the Popular Democracy Party have reached some general agreements with the Social Christian Party.

Social Christians Heinz Moeller and Xavier Neira met with Vallejo and other Democratic Left deputies at the end of last week, and they did reach a basic agreement.

The government deputies, though, still do not know what position they are going to take, and everything will depend on what the president of Ecuador decides on the agreement which a number of the congressional benches have reached.

In any case, one deputy who has been immersed in the discussions says the government deputies will accept

this agreement, as the government does not want a referendum, except in a "case of extreme necessity."

Members of the Ecuadoran Roldosist Party have maintained an ambivalent position; while they publicly say they are going to participate in the reforms, some people inside the party are saying that at the last minute it will be "Abdala who decides."

The Ecuadoran Revolutionary Popular Action Party, the Democratic People's Movement, and socialist Diego Delgado are not going to support the reforms. These parties have 11 votes which—combined with the Roldosist party if they decide not to support the reforms—come to a total of 22, not enough to block the reforms.

Moreover, while there is a predisposition to approve the reforms, the equilibrium is still so precarious that any consensus could break down over a period or a comma...

Paraguay

DEA Official: U.S. 'Partially' Responsible for Drug Trafficking

PY1705202095 Asuncion ULTIMA HORA in Spanish
12 May 95 p 15

[Article by "special correspondent" Dario Cardozo]

[FBIS Translated Text] Washington, D.C., United States — James McGivney, the DEA Public Affairs director [name and title as published], has admitted that the DEA has about 3,700 specialized offices worldwide.

This shows the emphasis that the United States places on the struggle against drug trafficking, which represents an international problem that will expand unless appropriate measures are taken to control the trafficking, production, and consumption of drugs and narcotics. McGivney said the number of offices abroad is relatively few. He also disclosed that about 2,800 U.S. officers are working in these offices. [number as published] McGivney explained that some offices have more agents, depending on drug activities in those countries. Basically, there are about 70 officers in about 50 countries and between four and 10 local agents are working for the DEA in each country. The DEA public affairs director pointed out that the DEA operates in every foreign country under an agreement signed with the host government. McGivney expressed a "mea culpa" on the drug issue, admitting that the United States is largely, or partially, responsible for all types of international drug trafficking.

State Department Official Discusses Drug Trafficking

PY1705165095 Asuncion ULTIMA HORA in Spanish
12 May 95 p 15

[Article by "special correspondent" Dario Cardozo]

[FBIS Translated Text] Washington — Jonathan Winer, U.S. State Department deputy assistant secretary of international narcotics and crime, has emphasized that the United States does not disclose the names of top military leaders, top police officers, and high-ranking government officials from countries linked to drugs because it requires specific crimes and evidence to unmask drug traffickers.

With regard to the drug issue, the top [as published] U.S. State Department official noted that they are striving to obtain this evidence and that, therefore, they require the cooperation of each country involved in money laundering and in drug trafficking, production, and consumption. The high-ranking U.S. State Department official emphasized: "We require specific crimes and evidence, enabling us to disclose the names of criminal government officials and military officers."

Eradicate This Evil

Winer added that the issue of the names of the main drug traffickers and worldwide drug distribution is "very delicate." Nevertheless, he emphasized that, in order to fight drug trafficking and money laundering, "it is necessary to implement domestic actions in each of the countries involved in these problems." He said: "The United States can cooperate with each of these countries, but it is essential for each country to do what is required to finally eradicate this international problem."

The U.S. official also emphasized that the United States can step in provided that the governments request it and supply enough support, specific evidence, and other data. As an example, he cited the case of Panama, when the United States had to step in militarily, with an invasion, to overthrow General Manuel Alberto Noriega after receiving specific evidence on the wrongdoings committed in the United States.

U.S. Official Discusses Money Laundering

PY1705202495 Asuncion ULTIMA HORA in Spanish
12 May 95 p 15

[Article by "special correspondent" Dario Cardozo]

[FBIS Translated Text] Washington, D.C., United States — Dave Vogt, assistant director of the Bureau of Strategic and International Programs (Fincen) [name and title as published], an organization linked to the

U.S. State Department, has said: "Money laundering can harm the social and economic structure of any country."

Vogt said that about \$30 billion per year are lost in the United States in uncollected taxes — that is, tax evasion — as a direct result of money laundering and various types of illegal deals.

Concerning drug trafficking, Vogt said there is not one country free from the entry of drug money. He added that the laundering of money destroys the competitiveness and lawful situation of any country and that it is necessary to enforce harsher laws to control money operations and the financial market.

Charles Morley, president of The CGM Group Inc., emphasized that banking honesty is essential in cooperating with government efforts to control money laundering and other illegal activities.

Morley noted that tax evasion, embezzlement, and fraud not only occur in Latin American countries, but also in the United States.

Judge's Report Blames 44 in Central Bank Fraud case

*PY1705172195 Asuncion ABC COLOR in Spanish
16 May 95 p 3*

[FBIS Translated Text] The administrative investigation carried out by Judge of Inquiry Blanca Ramirez has concluded that the Central Bank [BCP-Paraguayan Central Bank] Treasury Department was accustomed to maintaining a corrupt organizational system that apparently was always used to steal.

"The investigation revealed, as a determining factor, the existence of a pact of silence covering up a despicable and perverse system," Judge Ramirez said in his final report to the BCP board of directors.

The report adds that the investigation stressed the suspicion that the BCP Treasury Department was involved in routine simulations and forged accounting involving checking of assets in the vault, the use of IOU's, and other documents.

"If the suspicions are correct that forged checking of vault assets, bribes, and IOU's were used in the accounting, this will indicate the existence of a mafia-type organization where speaking up is censured and forbidden," the judge says in her report.

Ramirez said that BCP authorities never implemented a system of surprise checking of assets at the Treasury Department; in other words, department officials were never surprised by auditors or accountants in charge of verifying the existence of stated assets in the vault.

According to norms in effect, and for security reasons, authorities must carry out surprise inventories or checking of assets in the Treasury Department on any day or at any hour of the day without the knowledge of officials operating in the vault.

The judge said that according to the information and testimonies provided by officials questioned during the preliminary investigation, BCP Treasury officials knew ahead of time the date and hour of surprise audits and were prepared for them.

The inquiry also revealed that the Treasury Department security and control system is fragile and that the department head, Gustavo Adolfo Becker Torres, was a privileged official who received visitors and locked himself with them inside the vault.

"Security controls on individuals indicate that only officials or persons authorized by the treasurer or deputy treasurers can enter or leave (the vault), and that personal and corporate controls are very weak. Mr. Becker, in fact, received visitors from outside," the report says.

Ramirez says that "due to inefficient security procedures, Mr. Becker could have exited the vault with a briefcase full of money constantly and continuously," adding that by using this procedure, the treasurer can take out of the vault 1 billion guaranies in cash in only 15 days.

After a number of additional considerations, the judge of inquiry recommended to the BCP board of directors the dismissal and indictment of Gustavo Adolfo Becker, Luis Alberto Casella, and Diana Victoria Dami Pardo.

The judge also recommended the suspension and indictment of 1) Nelson Ramon Gonzalez Cardenas, 2) Antonio Godoy Nunez, 3) Ildefonso Cabrera Regis, 4) Lorenzo Silva Diaz, 5) Walter Gustavo Aquino Parissi, 6) Bonifacio Villalba Centurion, 7) Carlos Alberto Veron, 8) Adolfo Ramon Bordon Lopez, 9) Luis Lezcano Pastore, 10) Carlos Sostoa Achon, 11) Jose Agustin Perez Mounier, 12) Osvaldo Eduardo Lugo Ramirez, 13) Gilberto Manuel Gonzalez Martinez, 14) Hugo Rafael Caballero Medina, 15) Nicolas Adolfo Yegros Arredondo, 16) Ramon Jara Rodriguez, 17) Miguel Adolfo Ibanez Gimenez, 18) Manuel Barboza Velazquez, 19) Ruben Crispin Maidana Kunzle, 20) Julio Cesar Gonzalez Gonzalez, 21) Odilon Flaviano Ayala Alegre, 22) Claudio Alfonso Melgarejo Bresanovich, 23) Braulio Bernal, 24) Heriberto Fidelino Sannemann Segovia, 25) Cesar Augusto Nizza Molinas, 26) Luis F. Parodi, 27) Mario Hugo Achucarro Montiel, 28) Gustavo Rodriguez, 29) Celso Ortiz, 30) Hector German Buenaventura Pompa Medina, 31) Mario

Antonio Martinez Soto, 32) Eugenio Rotela, 33) Julio Valentin Villalba Arrieta, 34) Ruben David Sena, 35) Pedro Raul Ocampos Roa, 36) Eladio Atilio Gonzalez, 37) Ernesto Almiron, 38) Benjamin Sanchez, 39) Mario Salvador Martinez, 40) Pablo Sanz, and 41) Lucio Aceval Medina.

Attorney General Warns of BCP Fraud 'Surprises'

*PY1705183595 Asuncion ABC COLOR in Spanish
16 May 95 p 3*

[FBIS Translated Text] Attorney General Anibal Cabrera Veron warned ABC COLOR reporters yesterday that the Paraguayan Central Bank [BCP] fraud could involve more than the 7.8 billion guaranies found to be missing from the vault, according to the reports of some BCP officials. Cabrera Veron said there are "hollow drawers" in the vault with papers that "drop to the bottom" when pushed, indicating that the fraud against the BCP might involve more money than previously thought. The official expressed concern about the problem. Cabrera Veron said all records will be handed over to the court so that those responsible might receive the punishment they deserve. "This matter could stretch like meat [a Guaraní expression]," the attorney general said.

Cabrera Veron said "there is a possibility" that the damage inflicted on the BCP involves more money because of the existence of "hollow drawers." "It is a distinct possibility. We can infer that much from reports made by some BCP officials. We found hollow drawers. Those drawers carry cash money and they look quite normal from outside, until you push the top bills and they drop to the bottom. This means that money is missing from inside the packages," the attorney general said.

It is quite possible that the money taken out, or the money that did not enter the BCP vault, amounts to more than the 7.8 billion guaranies that was previously reported as missing. "We might speculate that more is missing as the result of recent reports," Cabrera Veron said.

Greater Surprises

The attorney general said that investigators might come up with greater surprises. "This is very irregular and I am becoming concerned, even before the checking of assets and existing values is finished. We still do not know what surprises investigators might come up with. After comparing the existing values with what is registered as being in the vault, we will learn more about the fraud. We might be faced with greater surprises," the attorney general said.

Asked whether he can make an approximate evaluation of the amount of cash stolen from the Central Bank, Cabrera Veron said that is a difficult question to answer at this time.

"This matter might stretch like meat."

The attorney general said that the method used to check assets in the vault is also irregular. "Usually the checking of assets is merely visual. You count the money from top to bottom and back, you consider the height and the depth and you multiply it by the number of drawers. This matter might stretch like meat, but we will continue with the investigation to learn the truth," Cabrera Veron concluded.

Peru

JNE Issues Communique on Reported 'Clandestine' Data Center

*PY1705222395 Lima EXPRESO in Spanish
3 May 95 p A6*

[Official communique issued by the National Election Board, JNE, on 2 May in Lima]

[FBIS Translated Text] Following reports and comments in the media of the existence of a back-up database on the 18th floor of the Civic Center building in Lima, which was used — according to rumors — to manipulate the results of the 1995 general elections; and also concerning the loss of 37,000 electoral records and electoral material, the National Election Board wishes to state:

1. As OAS observers mission chief Santiago Murray said at the time: The objective of this database was to serve as back-up in case of need. This is a change to what happened in previous electoral processes and is thus recorded in the contract signed with the OTEPSA [expansion unknown] company. It was by no means used to manipulate figures of the electoral process. The data was stored there and in the back-up database at the JNE. Thus, it was stored in accordance with the JNE and was registered as stipulated in the contract with the OTEPSA company. The OAS and our foreign auditor, Price Waterhouse, were fully aware of the existence of this back-up database. The JNE thus rejects reports of a supposed clandestine database, as public opinion has been irresponsibly informed.

2. Concerning the missing material — some 37,000 electoral records — a special judge has been designated to investigate the case. Concluding her investigation, she will have to make some decisions which the law requires. This investigation will establish if the electoral

material was taken from our storage rooms or if the material was never received.

3. For greater openness in the process, and for the first time in the Peruvian electoral history, political organizations have been told that diskettes containing information on the electoral tally, table by table, are available for consultation. These diskettes also include lists of voters and copies of the records duly scanned at the vote tally centers. They include votes for the presidential ticket, for congressional lists, and for congressmen. The parties participating in the electoral process thus have the broadest and most complete information to conduct any investigations they may deem necessary in relation to the vote tally process.

Lima, 2 May 1995.

[Signed] Dr. Ricardo Nugent, JNE President

Dr. Manuel Catacora Gonzales, full member

Dr. Romulo Munoz Arce, full member

Dr. Walter Hernandez Canelo, full member

Dr. Guillermo Rey Terry, full member

Bribes Involving Former President Garcia Disclosed
PY1705224095 Madrid EFE in Spanish
1725 GMT 17 May 95

[FBIS Translated Text] Lima, 17 May (EFE) — According to the investigation carried out by the Peruvian Attorney General's Office, Peruvian ex-President Alan Garcia received about \$7 million in bribes that were deposited in a secret account in Grand Cayman.

The alleged illegal payments were made to Alan Garcia in exchange for "political intermediation in favor of businessmen and friends of his party," said a spokesman for the Attorney General's Office.

The deposits were proven by documents given to Peruvian justice by businessman Alfredo Zanatti, who owns the company that managed the secret account, Worldwide Financial Holding of Miami.

According to the documents, \$850,000 was deposited in an account of the Barclays Bank in Grand Cayman from the Sudameris Bank of France, \$230,000 from the Bank of New Providence of the United States, and \$1,995,153 from the Merchant Bank of London.

The other deposits in the same bank were \$300,000 from Lloyd's Bank of London, \$250,000 from the Swiss Bank Corporation of Switzerland, \$600,000 from the BURC international bank, \$850,000 from the Atlantic Security Bank of the United States, and \$1.5 million from a bank that has not yet been identified.

The spokesman said that Zanatti also showed several messages that Alan Garcia sent by fax alerting him to the "triangulation" of the deposits to prevent their discovery.

Zanatti surrendered to Peruvian justice three weeks ago, and has been interrogated by several judges about several corruption cases in which Garcia was involved.

Alan Garcia has always denied the charges made by several legislators, but this time he avoided answering Zanatti, leaving his defense in the hands of his lawyer.

Peruvian justice will file charges against Garcia this or next week with Zanatti's evidence and testimony, and it will apparently request his extradition from Colombia where he is in asylum though he lives most of the time in France.

Venezuela

Government Not To Sign Pact Without Price Stabilization

PA1705165095 Caracas ECONOMIA HOY
in Spanish 15 May 95 p 9

[Report by Ligia Perdomo]

[FBIS Translated Text] The national government will not sign an anti-inflationary pact if a commitment to stabilize or flexibilize the price of goods and services is not part of it. This was stated in anticipation of the release of a document being studied by Fedecamaras [Venezuelan Federation of Associations and Chambers of Commerce and Industry]. If a pact is not signed, a contingency plan would take effect.

Development Minister Werner Corrales made this announcement. He pointed out that this is not a government imposition but a demand by all parties involved. Corrales added that the additional 15-day period that Fedecamaras requested was denied not only by the Development Ministry, but also by representatives of the labor sector and of the Central Bank of Venezuela [BCV] who are participating in the discussions. Thus, we cannot continue to put off a matter of national importance.

Assurances were given that the government, the BCV, and the Venezuelan Workers Confederation would never yield to Fedecamaras' plan to drop the price flexibility issue. They have all advanced beyond this issue and are merely waiting for the business leaders' response.

Corrales noted that there have been attempts to give the impression that the chambers gathered in the top business organizations support the latter's positions when in

fact many associations — except for those in the farm foods network — have voiced their intentions to reach a pact. The private sector is not using delaying tactics; the top leaders of the Fedecamaras and the National Council of Commerce and Services (Consecomercio) are, Corrales said.

He also underscored the fact that the National Association of Supermarkets and Purveyors [Asociacion Nacional de Supermercados y Abastos, Ansa], with 40 networks throughout the country, has already voiced its willingness to reach an anti-inflation agreement. They even proposed that their stores be identified with stickers stating: "I support the pact."

It is no secret to anyone that businessmen do not feel adequately represented by Fedecamaras. This has created some internal friction. Because awareness of the need to attack inflation has been heightened, this could lead to certain subgroups signing a pact and not heeding the decisions of union leaders. This could mean division within Fedecamaras and Consecomercio.

But Corrales said that Fedecamaras has made significant progress, because its leaders are making a paragraph-by-paragraph study of the proposal and are noting their observations on the draft itself.

This reveals that Fedecamaras is considering the possibility of signing not only a declaration of intent but also the guidelines contained in the annex of the anti-inflationary commitment, and this is welcomed by the national executive branch.

The development minister insisted on the need for Fedecamaras and Consecomercio to support price stabilization; this is essential to the signing of an agreement. Otherwise, a contingency program would be implemented in conjunction with sectors that have openly favored the pact. Other measures in the emergency plan were not revealed because an emergency situation has not yet been reached.

In the meantime, the Fedecamaras leadership will meet again this afternoon to discuss, apparently for the last time, the final document of the anti-inflationary commitment. Consecomercio will follow suit tomorrow.

It is expected that after these two decisive meetings, the private sector will request a meeting with other sectors involved in the agreement to once and for all establish a final position on this controversial issue.

Strike Averted; Bonus Payment for Oil Workers Approved

PA1705181895 Caracas *Venezolana de Television Network in Spanish* 0200 GMT 17 May 95

[From "The News" newscast]

[FBIS Translated Text] A nationwide strike by the oil sector has been headed off because Venezuelan Petroleum [PDVSA], the government, and the unions have agreed to pay the subsidy bonus to all oil workers. This amount will constitute the only change to current procedures because the payment would not be administered like the salary subsidy decreed by the government for workers in the private sector. It does, however, amount to 500 bolivares and is retroactive to 11 April.

[Begin Carlos Ortega, Fedepetrol president, recording] This solves the problem of the impasse between PDVSA workers and the national government. The union leaders, in particular at Fedepetrol [Federation of Oil Workers], are pleased with this agreement and want to say that PDVSA was wise in recognizing oil sector workers' claims via this 500 bolivares payment. [end recording]

The country was worried about a strike in the petroleum sector. If there was a strike, the approximately 300 foreign firms that are considering investing in our country might withdraw, even if the price of crude was to rise.

Ministers, Others Confer on Modernization of Media

PA1705165295 Caracas *EL UNIVERSAL in Spanish* 13 May 95 Section 1 p 14

[FBIS Translated Text] San Cristobal, 13 May (VEN-PRES) — Guillermo Alvarez Bajares, minister of state for the Central Information Office (OCI), announced yesterday in San Cristobal that La Voz de Venezuela radio will soon be on the air, once certain financing problems are resolved.

Alvarez made those remarks within the framework of the First Border Mass Media Meeting, which was sponsored by the Mass Media Committee of the Chamber of Deputies and the National Association of Journalists [CNPP] for the purpose of diagnosing the status of radio and print media in the country's border areas and seeking alternatives to reinforcing communications policy in the most remote areas of Venezuela.

Attending this first meeting as special guests were Foreign Minister Miguel Angel Burelli Rivas, Border Affairs Minister Pompeyo Marquez, OCI Director Alvarez Bajares, Tachira Governor Jose Francisco Ron Sandoval, Legislative Assembly President Chela

de Caballero, and other personalities from the states of Merida, Amazonas, Zulia, Apure, Barinas, and Tachira.

Within the framework of the deliberations, OCI Director Alvarez Bajares detailed the government's efforts on communications affairs, pointing to the slow yet gradual recovery of Channel 8, steps being taken to modernize Radio Nacional de Venezuela, and the upcoming inauguration of La Voz de Venezuela, "once certain pending financial issues are resolved."

Minister Alvarez Bajares said that all the OCI's services are at the disposal of news media owners, the Chamber of Deputies' Mass Media Committee, and the CNPP. He stressed that strengthening the communications infrastructure in border areas is very important for the country's security and sovereignty.

In this respect, Minister Alvarez Bajares assigned a lot of importance to the proposal by Deputy Manuel Isidro Molina, chairman of the Mass Media Committee of the Chamber of Deputies, on the national government's request for preferential electricity rates and subsidies for radio and print media in border areas that are really hurt by the cost of supplies. Alvarez Bajares asked his colleagues Burelli Rivas and Marquez to work together in the Council of Ministers toward a decision that will favor the border mass media's request. He said that the media really lacks the financial ability to meet its responsibilities that are after all being conducted on behalf of the nation.

Commenting on the status of VENPRES, Alvarez Bajares said that in 20 days the Venezuelan state news agency, operating from Caracas, will begin to carry news on an experimental basis via satellite and on UHF, "which will be a major technological step forward. This service will be expanded progressively throughout the country."

The OCI director noted the interest in making VENPRES a state enterprise, "not an agency at the service of the government. That is what we are doing, turning VENPRES into an institution."

Alvarez Bajares voiced satisfaction at the acceptance that VENPRES' modernization efforts have enjoyed. "We are going to have 300 subscribers, and we can guarantee them good service," the OCI director concluded.

French Guiana

Ariane Launches Intelsat-706 Communications Satellite

PA1705135995 Paris AFP in Spanish
0722 GMT 17 May 95

[FBIS Translated Text] Kourou, French Guiana, 17 May (AFP) — The 73d Ariane European rocket this morning successfully launched the Intelsat-706 satellite into space, 20 minutes and 40 seconds after taking off from the Kourou Space Center in French Guiana. The rocket thus placed into orbit the International Telecommunications Organization Via Satellite (Intelsat) satellite.

The rocket, an Ariane-44LP, took off at 0834 Paris time (0634 UTC, 0334 Kourou time). All the launch operations were strictly "nominal," which is technical jargon for everything taking place exactly on time.

Intelsat-706 (or Intelsat-VII-A-F9) is the sixth version of the Intelsat-VII family and the first of its VII-A version. Following the many maneuvers necessary to launch the satellite, it must be placed in geostationary orbit (at an altitude of 36,000 km above the equator), 53 degrees west, almost vertical to its starting point, the Guyanese Space Center.

For 15 years Intelsat-706 will provide services like international telephone connections, television broadcasts, and video transmissions for the Atlantic region. It has the capacity to handle 22,500 telephone circuits and three television channels, as well as 112,500 conversations, using the numeric system of circuit multiplication.

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